



**Baku Research Institute**

**An evaluation of the current situation  
regarding taxi service regulations in  
Azerbaijan, a public opinion survey, and a  
comparison with international experience**

**RESEARCH**



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## Introduction

Taxi service is one of the few economic sectors in Azerbaijan where there is competition. It is through this competition that prices for taxi services have remained unchanged, actually dropping compared to 10 years ago, when the country saw a general rise in prices. Prices across other industries, including for public transportation, have gone up significantly over that time. Following amendments to the *Law on Road Transportation* in 2023, taxi companies raised the minimum fare threshold from 1.0-1,60 AZN to 2,50 AZN.

The quality of service, as opposed to the level of taxi fares, has always been a subject of debate. Both government representatives and population groups using the service have noted many shortcomings over the period. On the one hand, the affordability of the price of the service and, on the other hand, the low safety level of vehicles places the public in a difficult position. An increase in the quality of taxi services necessarily causes price increases, but customers are naturally left unhappy with them. Therefore, discussions over these issues have recurred for years.

The Baku Research Institute (BRI) has created a study to reveal problems in the field of taxi services. As part of the study, a survey of the population was conducted to identify the attitudes of the population towards the quality and price of taxi services. In their responses to the survey, respondents mainly mentioned as problems *the unsatisfactory level of driving and culture of driver behavior*, and *failure to conform to the technical indicator standards for taxi vehicles*. Respondents also stated that price increases would reduce their use of taxi services.

The study also analyzes the taxi market, showing that the statistical base reflecting the activities of the taxi services market is incomplete, and mechanisms to maintain complete records of all taxi passenger transportations have not yet been instituted. Although official data show that the volume of passenger taxi transport in 2022 was 83.8 million, the reality shows that this figure is much higher. The number of taxi vehicles is also not precisely known. Data on the number of Baku taxi vehicles varies from source to source.

The study also considers international experience. A review of practices from European countries, including Denmark, the Netherlands, Germany, and Türkiye, was added to the study. The study of practices encompasses issues of taxi service regulation, requirements for vehicles and drivers, and price regulation.

# 1. Baku Taxi Services Market: Current Situation and Challenges

In Azerbaijan, especially in Baku, taxi services have long been an important element of public passenger transport: some surveys and observations show that in recent years, different strata of the Baku population were more likely to use taxi services. The increase in demand for taxi services can be explained by factors such as, on the one hand, the relative affordability of prices for this service for different segments of the population, and, on the other, the unsatisfactory level of public transportation, and yet a third factor, the continuation of precautionary measures taken by people in connection with the Covid-19 pandemic (for example, the avoidance of all mass passenger transportation services).

Nowadays, the statistical database reflecting the activity of the taxi services market is not very robust because mechanisms for a full accounting of total domestic passenger transportation by taxi have not yet been instituted. However, taxi transportation accounted for 5,2% of total domestic passenger traffic in 2022, according to data from the State Statistics Committee (SSC). The share of taxi transportation in total annual passenger traffic rose to 5,2% in 2022, which was up 3% from 2010, 3,4% from 2015, and 3,5% from 2019.<sup>1</sup> Analysis of the statistical data shows that interest in taxi services grew faster during the special quarantine period over the Covid-19 pandemic. There was a sharp decrease in passenger transportation by other modes, yet there was an increase in taxi transportation between 2020 and 2021 due to the special quarantine regime imposed in 2020. Thus, according to the SSC, bus transportation across the country in 2021 fell from 1,7 billion passengers to 1,0 billion (down about 40%), compared to 2019, while the Baku underground transportation load fell to 90,2 million passengers from 236.7 million passengers (about 62%), whereas taxi transportation surged by 21,7% to 86,9 million passengers from 71,4 million passengers.<sup>2</sup>

In 2022, the special quarantine regime was largely lifted, problems remain only with international passenger transportation due to the closure of the country's land borders. Therefore, in 2022, there was a sharp increase in bus and metro passenger traffic across the country, compared to the previous year, but traffic has not yet reached 2019 levels. Statistical data showed that 2022 domestic passenger transport by bus accounted for 75,6% of the 2019 level with 1,74 billion passengers carried in 2019 and 1,32 billion in 2022. Despite an increase in the number of metro stations in Baku by 2 in 2022 and an additional 19 metro cars,<sup>3</sup> compared to 2019, because of the additional restrictions on metro travel and people's precautions, the annual number of underground passenger transport still has not returned to the 2019 level. There were 236,7 million passengers in 2019 and 208,7 million passengers in 2022 (-11,8%).

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<sup>1</sup> [https://www.stat.gov.az/source/transport/az/003\\_1.xls](https://www.stat.gov.az/source/transport/az/003_1.xls)

<sup>2</sup> Transport in Azerbaijan. Statistical Collection. SSC, 2023, p. 14

[https://www.stat.gov.az/menu/6/statistical\\_yearbooks/source/transport\\_2023.zip](https://www.stat.gov.az/menu/6/statistical_yearbooks/source/transport_2023.zip)

<sup>3</sup> [http://www.baku.azstat.org//php/left\\_menu/senedler/12/014.xls](http://www.baku.azstat.org//php/left_menu/senedler/12/014.xls)

At the same time, in 2022, taxi travel reflected a decrease of about 3.4% to 83.8 million passengers from 86.9 million passengers, compared to 2021. Nevertheless, the taxi passenger capacity in 2022 was 16.9% higher than in 2019 <sup>4</sup> (clearly, these figures exclude total taxi transport capacity, that is to say that actual growth will be higher).

Unfortunately, there is no possibility to compare changes elsewhere in this area because of the lack of available statistics on intraurban passenger bus and taxi transportations in Baku.

It can also be said that there are insufficient data to analyze the number and composition of taxi service market participants. According to the data, of the total number of taxi transportation incidents (63.3 million passengers) between January and September 2023, 34.2 million, or 54%, were carried by individual entrepreneurs, and the other 46% came from carriers operating as a legal entity. <sup>5</sup>

Data on the number of Baku taxi vehicles vary from source to source. Thus, in December 2022, Rauf Safarov, Chief Specialist of the Ministry of Digital Development and Transport (MDDT), at a conference on the Development of the Transport and Logistics Complex at the Azerbaijan University of Architecture and Construction said that "there are about 40.000 taxis in Azerbaijan, of which 28.000 are in Baku."<sup>6</sup> Shortly after that, on 12 June 2023, in his remarks at the session of the Parliamentary Committee on Economic Policy, Industry and Entrepreneurship to discuss the draft law on amendments to the *Law on Road Transport*, Minister of Digital Development and Transport Rashad Nabiyev said that there are around 67.000 taxi cabs operating in Baku.<sup>7</sup> A little earlier, on 31 May 2023, the Minister in an interview with *APA-Economics* also pointed to a large number of taxi cabs in Baku, adding that "the number of taxis per 1.000 inhabitants in Baku is 4-5 times higher than in similar cities according to statistics."<sup>8</sup> One of the issues raised by the Minister in this interview was the age structure of the taxi fleet: "Statistically, more than 40% of the taxis serviced in our country were over 15 years old. And more than 20 % of the fleet was over 20 years old." In December 2023, Anar Rzayev, chairman of the board of the Azerbaijan Land Transport Agency, elaborated on this in his speech at the presentation of the Mobility Transformation Program in Azerbaijan. "In Baku, taxis up to 5 years old currently account for 7%, taxis aged 5-10 years 10%, 10-15 years 21%, 15-20 years 42%, and older than 20 years 20% [of the taxis serviced in the country]."<sup>9</sup>

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<sup>4</sup> [https://www.stat.gov.az/source/transport/az/003\\_1.xls](https://www.stat.gov.az/source/transport/az/003_1.xls)

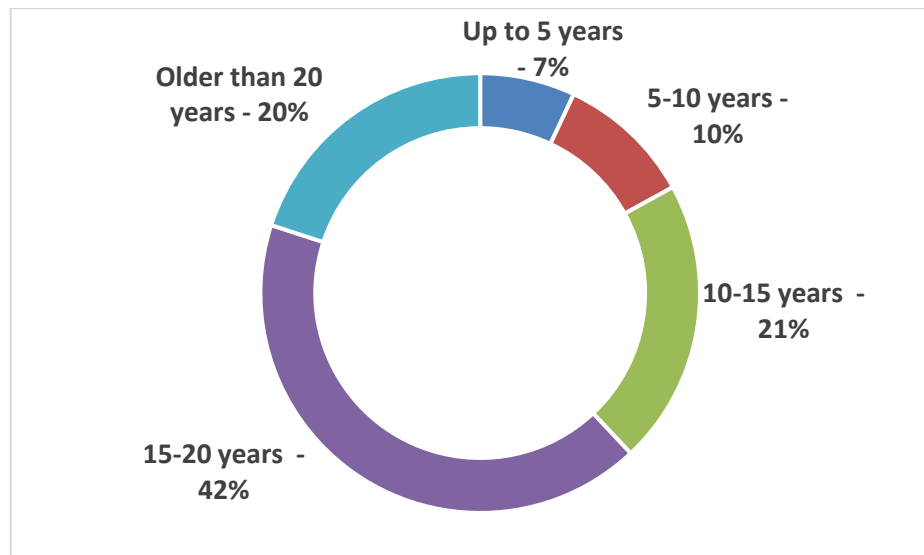
<sup>5</sup> [https://www.stat.gov.az/source/transport/az/bul/tr\\_23.09.2023.zip](https://www.stat.gov.az/source/transport/az/bul/tr_23.09.2023.zip)

<sup>6</sup> <https://report.az/infrastruktur/rinn-bakida-taksilerin-sayi-heddinden-coxdur/> (13.01.2024 tarixində açılib)

<sup>7</sup> [https://azertag.az/xeber/nazir\\_bizim\\_meqsedimiz\\_taksilerin\\_deyil\\_taksi\\_gedislerinin\\_sayini\\_azaltmaqdir-2657045](https://azertag.az/xeber/nazir_bizim_meqsedimiz_taksilerin_deyil_taksi_gedislerinin_sayini_azaltmaqdir-2657045) (13.01.2024 tarixində açılib)

<sup>8</sup> [https://apa.az/az/infrastruktur/nazir-resad-nebiyev-taksi-xidmetinde-aparilacaq-islahatlari-aciqlayib-ekskluziv-musahibe-768506?fbclid=IwAR3\\_adYcdAcEFZFP-CyvS7kUyr\\_3NTuqnVTH2Evx731cyD2lckIYzb4nn1E](https://apa.az/az/infrastruktur/nazir-resad-nebiyev-taksi-xidmetinde-aparilacaq-islahatlari-aciqlayib-ekskluziv-musahibe-768506?fbclid=IwAR3_adYcdAcEFZFP-CyvS7kUyr_3NTuqnVTH2Evx731cyD2lckIYzb4nn1E) (13.01.2024 tarixində açılib)

<sup>9</sup> <https://apa.az/infrastruktur/ayna-bakida-taksilerin-60-faizinin-yasi-15-ilden-coxdur-804131> (13.01.2024 tarixində açılib)



**Figure 1. Age structure of Baku's taxi vehicle market** (source: Azerbaijan Land Transport Agency)

As the figure shows, 62% of taxi vehicles operating in Baku are older than 15 years, while 83% are over 10 years old. It directly impacts passenger safety, service quality and environmental conditions.

In his remarks at the aforementioned meeting of the Parliamentary Committee on Economic Policy, Industry and Entrepreneurship as well as in the said interview, the minister addressed taxi prices, taxi drivers' workload of 14 to 15 hours a day, Baku's crippling traffic congestion because of increased taxis, and environmental problems among others. Since taxi prices in Baku, according to the minister, are so low, interest in taxi services is high. The proposed amendments to *the Law on Road Transportation* will lead to higher prices. Indeed, after the approval of amendments to the Law in July 2023, the minimum cost of taxi travel was increased. Immediately after the amendments were introduced, according to media reports, the minimum fare for short distances in *Uber*, *Bolt* and *Yango* taxis was increased from 1,0-1,60 AZN to 2,50 AZN.<sup>10</sup>

It is too early to know how this price hike has affected the number of people using taxi services. However, according to statistical data for January-September 2023, the total taxi passenger travel, compared to the year prior during the same period, increased by 4,7% from 60,5 million to 63,3 million.<sup>11</sup>

Our appeals to the relevant government structures to obtain information on the number and composition of carrier companies and natural persons operating in Baku's taxi services market failed, yet we were able to get some information from <https://www.bakutaxi.info/>, one of the electronic resources specializing in this area. The website provides information on 32 carrier companies operating in Baku, involved in passenger traffic in the administrative territory across

<sup>10</sup> <https://sputnik.az/20230724/azerbaycanda-taksinin-minimum-qiymeti-iki-defe-artirildi-457071453.html> (13.01.2024 tarixində açılıb)

<sup>11</sup> [https://www.stat.gov.az/source/transport/az/bul/tr\\_23.09.2023.zip](https://www.stat.gov.az/source/transport/az/bul/tr_23.09.2023.zip) səh.10

Baku and all over the country (names, insignia, phone numbers for calls, minimum prices, etc).<sup>12</sup>

Among them are the following:

- |                  |                        |
|------------------|------------------------|
| 1. Salam Taksi   | 17. Alo Taxi           |
| 2. Bolt (Taxify) | 18. UTAP               |
| 3. Ekonom Taksi  | 19. Dilyver            |
| 4. Aile Taksi    | 20. TaxiGo             |
| 5. Maxim         | 21. BiR                |
| 6. Ulduz Taxi    | 22. Taxi 8811          |
| 7. Omega Taxi    | 23. Alo Taxi           |
| 8. Uber          | 24. 1taxi              |
| 9. Taxion        | 25. Express Taxi       |
| 10. Güven Taksi  | 26. Xanımların xetti   |
| 11. Ulduz Taxi   | 27. Bumeranq           |
| 12. Omega Taxi   | 28. Fly Taxi           |
| 13. 9898 Taxi    | 29. Bakı Taksi Xidmeti |
| 14. Taxi 158     | 30. TaxiBus            |
| 15. Irfan Taxi   | 31. Region Transfer    |
| 16. Taxi 8811    | 32. Asan Taksi         |

According to the website, international carriers, such as Uber, Maxim, Yango, Taxify (Bolt), Etaximo, Omega Taxi, and Utap, among others also operate in Baku.

There is no statistical data on the shares of these companies in the Baku taxi market. According to a survey conducted in July 2023 among 1.204 respondents by the Media Analysis Center, 69% of the respondents said they use *Bolt*, 44% Uber, with 15% using Yango, 10% Taxi, and 189.8% Maxim (respondents had the opportunity to choose several options). The survey also asked respondents about their dissatisfaction with taxi companies. 18% of the respondents expressed dissatisfaction with the fact that their taxi cabs are old and technically defective, with 25% pointing to driver inexperience, 15% to failure to comply with traffic rules, and 20% to unethical behavior with passengers.<sup>13</sup>

The processing of responses to an anonymous survey we conducted through social media among 685 respondents as part of the study demonstrated the following results:

- 96,5% of the respondents use taxi services with varying frequency. Those who do not use this service explained that they own a personal car and/or do not need public transportation due to the proximity of their home to their workplace.
- More than half (53,4%) of those who use taxi services attribute the reason for using this service to the abnormal operation of public transport, saying that there is no public transport to get them to their destination or they need to use different forms of

<sup>12</sup> <https://www.bakutaxi.info/taxi>

<sup>13</sup> <https://mtm.az/kateqoriyasiz/respondentl%c9%99rin-75-i-taksi-xidm%c9%99tind%c9%99n-istifad%c9%99-zamani-qiy%c9%99tin-munasibliy%c9%99n-ustunluk-verir/> (13.01.2024 tarixində açılıb)

transportation to reach their destination (29,6%), and there is no normal operation of public passenger transport (bus, metro for example) (23,8%).

- 91,2% of the taxi customers prefer to use mobile phone apps when contacting a taxi service.
- Respondents' dissatisfaction with the quality of taxi services is mainly related to the lack of a normal level of taxi drivers' professionalism in driving (52%) and problems in their behavior with customers (44,7%). In addition, among the reported comments were an unsatisfactory level of cleanliness and comfort in the vehicle (30,1%) and technical indicators (27,3%).
- As examples of taxi drivers' bad behavior, the respondents cited drivers' lack of proper traffic controls, including driving fast, doing abrupt maneuvers, to name a few (48%), as well as drivers' smoking in the vehicle (43,4%).
- Respondents also face problems related to payment. Some cited that taxi drivers were reluctant to receive payments by card (37,8%) and that after placing an order, the driver called and asked the amount of the fare or the address to be travelled to and cancelled the order because he/she was not satisfied (37,7%).
- One third of respondents reported that they have encountered incidents in which the driver and/or the license plate identified in the phone application did not match the taxi driver and license plate servicing the passenger.
- The vast majority of respondents (70,8%) said they would use the service less often should taxi services become more expensive.
- Respondents most often contact Bolt (75%) and UBER/Yango (45%) when using taxi service.
- Respondents' suggestions for improving the quality of taxi service were related to improving the professionalism and behavioral culture of taxi drivers. 64,8% of respondents were in favor of improving the culture of drivers' behavior with customers, and 59,1% of respondents were in favor of improving their professionalism in driving. At the same time, removing the barrier to non-cash payment, i.e., using a payment card (54,3%), was one of the main proposals.

As part of the study, we also surveyed and interviewed a significant number of taxi drivers and passengers, and analyzed articles published in periodicals.

With the surveys, interviews, and observations, we ultimately grouped the traditional problems observed in the taxi market as follows:

***Problems with payment for taxi services:***

- Taxi drivers directly or indirectly refuse to receive fare payment via payment card
- When a customer pays a fare by card, he has to pay an additional 18% VAT for each payment



***Problems with driver behavior:***

- Taxi drivers' lack of proper traffic controls (driving fast, doing abrupt maneuvers, for example);
- Taxi drivers' bad behavior (smoking in the vehicle, for example.)
- Refusal to drive to an address that is considered undesirable for the driver, under various pretexts (referring to traffic jams, for example);
- Maintenance of cleanliness and comfort in the vehicle they are servicing;
- Cancellation of an order if the driver is not satisfied after calling and clarifying the fare amount;
- Driver's asking for a fare exceeding the tariff amount or failure not to return the rest of the money;
- The difference between the person and the number plate identified in the phone application and the taxi driver and number plate servicing the passenger;
- Problems with taxi drivers' psychological health and/or intoxication (their being under the influence of drugs, rude behavior with the customer, etc);
- Simultaneous servicing within several taxi companies by a single taxi driver.

***Problems with taxi drivers' professionalism***

- Taxi driving by persons who are not authorized to drive a vehicle;
- Taxi driving by persons who have no experience of driving in Baku, unfamiliar with the city.

***Problems with technical indicators of taxis:***

- Incomplete compliance of the technical condition of a vehicle providing taxi services with the standards established for vehicles;
- A vehicle providing taxi services lacks equipment necessary for the safety and comfort of customers (seat belt, air conditioning, for example.).

***Problems stemming from the use of software:***

- The taxi takes the customer to a different destination due to a software glitch or the taxi is mistakenly directed to a different waiting point;
- A difficulty in utilizing the price discount provided to the customer through the software.

## 2. Regulating the Taxi Services market in Azerbaijan

### 2.1. *Regulating bodies*

Currently, the taxi services market in Azerbaijan is mainly regulated by the Ministry of Digital Development and Transport of the Republic of Azerbaijan and the Azerbaijan Land Transport Agency, a public legal entity established under this ministry.

The Ministry of Digital Development and Transport is a central executive body implementing the state policy and regulation in the fields of transport, including maritime transport and civil aviation, communications (telecommunications and post), e-government, high technologies.<sup>14</sup>

According to the Presidential Decree “On some measures to improve governance in the field of road transport” dated 11 October 2021 (№1463),<sup>15</sup> a public legal entity Azerbaijan Land Transport Agency was established under the Ministry of Digital Development and Transport. The Agency regulates road transportation, meets the needs for road transportation and other road transportation services in the Republic of Azerbaijan, controls compliance with the rules and requirements related to international and domestic passenger and cargo transportation.

However, the decree excluded the issue of "regulation and control in the field of regular passenger transportation by public vehicles in the administrative territory across Baku and passenger transportation by taxis," as this field in Baku at that time was under the jurisdiction of a public legal entity, Baku Transport Service, centralized in the Baku City Executive Power. Subsequently, by the Presidential Decree “On Additional Measures to Improve Management in the Sphere of Road Transport in the Administrative Territory of Baku City” dated 19 April 2023 (No. 2109),<sup>16</sup> the Baku Transport Service was merged with the Azerbaijan Land Transport Agency and its powers were accordingly transferred to the Ministry of Digital Development and Transport.

The Statutes of the Azerbaijan Land Transport Agency were approved pursuant to Presidential Decree No. 1842,<sup>17</sup> dated 8 September 2022. Subsequently, a number of amendments and additions were made to these Statutes pursuant to Presidential Decrees 2300<sup>18</sup> of 18 August 2023 and 2376<sup>19</sup> of 7 December 2023. The following issues related to the regulation of the taxi services market are among the tasks defined in the Agency’s statutes:

- Exercising jointly with the relevant state body (institution) control over compliance with the requirements of the relevant regulatory legal acts in connection with the application

<sup>14</sup> <https://mincom.gov.az/az/nazirlik/esasname/1-umumi-muddealar>

<sup>15</sup> <https://e-qanun.az/framework/48364>

<sup>16</sup> <https://e-qanun.az/framework/53972>

<sup>17</sup> <https://e-qanun.az/framework/51401>

<sup>18</sup> <https://e-qanun.az/framework/54951>

<sup>19</sup> <https://e-qanun.az/framework/55715>

of distinguishing signs on motor vehicles owned by taxpayers engaged in passenger and freight road transport;

- Issuing permits, their duplicates and additions for relevant types of activities in accordance with the Law of the Republic of Azerbaijan on Licenses and Permits, reissuing, revoking, restoring or cancelling these permits, as well as controlling compliance with permit conditions;
- keeping records of operators of international passenger and freight road transportation;
- taking measures to organize regular passenger transportation by road;
- taking measures to establish and manage a payment system ensuring cashless payment of fares in regular passenger transportation;
- taking measures in accordance with the procedure established by law to designate appropriate points for pre-trip technical inspection of vehicles engaged in passenger and freight road transport, pre-trip medical examination of drivers, as well as exercising control in this sphere;
- protecting the domestic road transport market, taking measures to develop an environment of free competition in the transport market, etc.

## **2.2. Legislative and Other Regulatory Documents**

State regulation of the taxi services market is carried out by the Azerbaijan Land Transport Agency and other relevant state bodies on the basis of the Constitution of the Republic of Azerbaijan, international treaties, the Republic of Azerbaijan is a party to, national legislation, including but not limited to, presidential decrees and orders, resolutions and orders of the Cabinet of Ministers, as well as other relevant normative legal acts.

To improve the regulation of the taxi services market, amendments were made to a number of laws adopted pursuant to a parliamentary resolution of 14 July 2023, as well as to *Law on Road Transport* No. 556-IIIQ of 1 April 2008, *Law on Licenses and Permits* No. 176-VQ of 15 March 2016, *Law on State Duty* No. 223-IIG of 4 December 2001, and the Administrative Offences Code.

The *Law on Road Transport* (No. 556-IIIQ of 1 April 2008)<sup>20</sup> is one of the main laws regulating the organization of passenger transport by road, including taxi services in the country. Law No. 973-QD of 14 July 2023 amended the *Road Transport Law*, adding to legislation on the issuance of permits for the carriage of passengers by taxis, the regulation of taxi booking operators and a number of other requirements for the provision of taxi services.

**Requirements for passenger transportation by taxi.** In accordance with the requirements of Article 20 (Passenger transportation by taxi) set in the *Law on Road Transport*:

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<sup>20</sup> <https://e-qanun.az/framework/15171>

- passenger transportation by taxi cars is carried out by carriers who have a relevant certificate of registration and a permit;
- when passengers are transported by taxi cars, payment is made at a price determined by the taximeter readings or software that performs the functions of a taximeter when connected to the taxi booking service.

According to the law, a **registration certificate** is a permit issued to a legal entity or a natural person to carry out activities in the field of passenger or freight traffic; a **pass card** is an addition to the permit issued to a legal entity or a natural person holding a registration certificate for vehicles owned, leased or used by them.

Paragraph (1) of Article 20 prohibits the following while transporting passengers taxi cars:

- passenger transportation by passenger taxi cars without a registration certificate for passenger transport by passenger taxi cars or on the basis of a registration certificate belonging to other persons;
- operation of vehicles without a pass card in passenger transportation;
- demanding a supplement charge for the price set by the readings of a taximeter or software that performs the functions of the taximeter.

Paragraph (2) of this article sets out a restriction on the territorial boundaries of passenger transportation in passenger taxis. Thus, according to the requirement of this paragraph, "transporting passengers by taxi shall be carried out on an irregular route on the basis of an order of any person within the territory established in the pass card."

And paragraph (3) of this article requires that "a carrier who performs transportation of passengers by taxi shall, while waiting for an order, use only specially installed and properly marked parking spaces for taxis."

As stated in Article 13 of the *Law on Road Transport*, to protect the legitimate interests of consumers, prevent unfair competition and monopolies in this sphere, ensure transportation safety, environmental and labor protection, legal entities and natural persons who wish to engage in passenger transportation in passenger taxis must have a special permit—a permit for passenger transportation in passenger taxis. According to this article, this permit is issued for a period of 7 (seven) years.

According to Article 14 of the law, legal entities or natural persons must submit the following (scanned) documents and data electronically to the Azerbaijan Land Transport Agency for a license to transport passengers in passenger taxis, except for documents defined by the *Law on Licenses and Permits*:

- ✓ a driver's license of the relevant category (subcategory);
- ✓ a certificate of state registration of motor vehicles owned by a legal entity or a natural person on the basis of ownership, use or lease;

- ✓ documents confirming the completion of special training for taxi drivers;
- ✓ a document confirming the possibility of organizing a pre-travel inspection of the technical condition of motor vehicles and a pre-travel medical examination of the drivers, or an agreement with a technical point or a medical point on the use of relevant services;
- ✓ a certificate confirming the metrological verification of a taximeter in taxis (except for cases when the taximeter functions are performed by software);
- ✓ information on the results of medical examination of the driver to detect the state of narcotic intoxication, use of narcotic drugs and psychotropic substances;
- ✓ A document confirming payment of the state duty in accordance with the Law of the Republic of Azerbaijan on Licenses and Permits.

As stated in Article 24 of the Law of the Republic of Azerbaijan *on State Duty*,<sup>21</sup> the state fee for issuance of a permit to transport people in taxis is 125 AZN, and the fee for issuance of a pass card for each vehicle is 25 AZN.

As stated in Article 15 of the *Law on Road Transport*, the issuance of a permit to transport people in taxis is carried out electronically. When issuing a permit, the carrier is issued a pass card in electronic form according to the number of vehicles the carrier is registering. If the number of vehicles is increased or a vehicle is replaced, a legal entity or a natural person must apply for a new pass card. This card confirms that the carrier has a permit to carry out passenger and freight traffic in this vehicle. Suspension, restoration, cancellation of the validity of the card and issuance of a new pass card are carried out in accordance with *the Law on Licenses and Permits*.

As stated in Article 15 of the law, "to improve the efficiency and quality of road transport services, as well as to optimize the distribution of passenger flows by mode of transport in public road transport, the Azerbaijan Land Transport Agency may impose restrictions on the number of permits and their additions to transport people in taxis. Sixty (60) days prior to the introduction of such restrictions, the Azerbaijan Land Transport Agency shall inform the mass media about it, with the appropriate justifications.

According to another requirement in this article, the technical performance, interior and exterior design of motor vehicles used in the transportation of passengers by taxi shall comply with the rules approved by the Cabinet of Ministers. If a motor vehicle does not meet these requirements, the pass card shall be refused, and the available pass card shall cease to be valid or be revoked.

Article 27 (2) of *the Law on Road Transport* called "Requirements for drivers of vehicles" will establish requirements for passenger taxi drivers. These requirements provide that "drivers who have obtained a driver's license confirming the right to drive vehicles of categories B or C, who are at least 21 years of age and who have owned, leased or used such a vehicle for more than two years are allowed to transport people in passenger taxis".

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<sup>21</sup> <https://e-qanun.az/framework/2860>

Article 324 of the Administrative Offences Code of the Republic of Azerbaijan<sup>22</sup> states:

- Government officials will be fined 200 AZN for transportation of passengers in taxis by a carrier without a pass card, and legal entities will be fined 1.000 AZN. For the repeated commission of the same offense by a person who has received an administrative reprimand within one year from the date of entry into force of the decision on administrative reprimand, government officials will be fined 400 AZN, and legal entities will be fined 2.000 AZN;
- A fine of 50 AZN is established for the absence of a pass card or violation of the rules of cargo or irregular passenger transportation by road vehicles; a fine of 80 AZN is established for the repeated commission of the same offense by a person who has received an administrative reprimand within one year from the date of entry into force of the decision on administrative reprimand.

According to Article 324.2 of the Administrative Offences Code, government officials will be fined 300 AZN, and legal entities will be fined 1,200 AZN for issuance of a pass card to drivers who have not been trained to carry out passenger and freight traffic in accordance with the procedure established by the *Law on Road Transport*; government officials will be fined 600 AZN, and legal entities will be fined 2,400 AZN for the repeated commission of the same offense by a person who has received an administrative reprimand within one year from the date of entry into force of the decision on administrative reprimand.

**Requirements for the activity of a taxi booking operator.** According to Article 13 of the *Law on Road Transport*, legal entities or natural persons intending to engage in the activity of a taxi booking operator shall obtain a special permit. By the way, this law defines “taxi booking operator as a legal entity or individual entrepreneur providing taxi booking services to persons carrying out passenger transportation by taxi.”

Pursuant to Article 14 of the *Law on Road Transport*, legal entities or natural persons wishing to obtain a permit for functioning as a taxi booking operator shall submit the following documents (by scan) and information electronically to Azerbaijan Land Transport Agency in addition to the documents specified by the *Law on Licenses and Permits*:

- ✓ information on all telecommunication means, including mobile applications, used by the applicant for Internet information resources and for the activity of the taxi booking operator;
- ✓ information on the branch or representative office located in the territory of the Republic of Azerbaijan for the provision of taxi booking service;
- ✓ A document confirming the payment of the state duty (fee) in accordance with the Law of the Republic of Azerbaijan *on Licenses and Permits*.

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<sup>22</sup> <https://e-qanun.az/framework/46960>

According to Article 24 of the Law of the Republic of Azerbaijan *on State Duty*, the state fee amount for the issuance of the permit for the activity of a taxi booking operator is 3,000 (three thousand) AZN.

As required by Article 15-1 of the *Law on Road Transport*:

- taxi booking operators shall provide the state registration of personal data information systems and comply with requirements related to personal data protection;
- taxi booking operators shall ensure real-time transfer of anonymized data on each taxi booking, the list of which is approved by the Cabinet of Ministers, including information about drivers, to the information system of the Ministry of Digital Development and Transport in order to monitor the compliance of driver's work and rest regimes;
- taxi booking operators shall monitor the availability of a document on the possibility of organizing a pre-trip inspection of the technical condition of motor vehicles, pre-trip medical examination of drivers or an agreement with a technical or medical station on the use of relevant services, as well as information on the results of the medical examination carried out to determine the state of drug intoxication of the driver, the state of consumption of narcotic drugs and psychotropic substances in the data protection system.
- it is prohibited for taxi operators to provide taxi booking services to a carrier or driver who does not have a permit and relevant pass card for the transportation of passengers by taxi.

Legal entities or business individuals engaged in taxi booking activities shall be fined as per the provisions of the legislation in case of violation of the requirements of the *Law on Road Transport*. Thus, according to Article 326-2 of the Code of Administrative Offenses of the Republic of Azerbaijan:

- Government officials will be fined 10.000 AZN and legal entities 40.000 AZN for organizing passenger transportation by taxi cars without a license;
- According to the *Law on Personal Data*, government officials will be fined up to 5.000 AZN and legal entities 20.000 AZN for failure to register personal data information systems used by taxi booking operators while providing taxi booking services and to comply with the requirements related to personal data protection;
- Government officials will be fined 5.000 AZN and legal entities 20.000 AZN for failure to create or operate a mechanism ensuring the real-time transmission of taxi orders in the information systems of taxi booking operators, as well as information about the driver's work and rest regime to the Azerbaijan Land Transport Agency's information system pursuant to the *Law on Road Transport*;
- Government officials will be fined 200 AZN and legal entities 300 AZN for organizing taxi booking services for carriers who do not have documents to carry out a pre-trip inspection of the technical condition of a vehicle, pre-trip medical examination of a

driver for passenger transportation by taxi or contracts with a technical point or a medical facility on the use of relevant services, as well as to drivers without a pass card and a document confirming that they have been through special training.

In Decree No. 2300<sup>23</sup> of the President of the Republic of Azerbaijan dated 18 August 2023, the Cabinet of Ministers was instructed to submit the list of anonymized data transmitted by taxi booking operators in real time on each taxi order, including information about the driver for the purpose of monitoring the compliance of the driver's work and rest regimes within six months.

**Requirements for taxi cars and their drivers.** By Resolution No. 73 of the Cabinet of Ministers of the Republic of Azerbaijan dated 4 March 2019, "Requirements for buses and taxi cars used in passenger transportation in Baku, their drivers and carriers carrying out passenger transportation activities, transportation exchange centers, bus stops and parking places for taxi cars" have been approved.<sup>24</sup> It defines requirements for technical indicators, the external and internal design of passenger cars/taxis carrying out passenger transportation in the administrative territory of Baku.

The requirements for technical indicators of taxi cars carrying out passenger transportation in the administrative territory of Baku city are as follows:

- Taxi cars shall have technical equipment pursuant to national and international standards and regulations established for them and shall be kept in good condition;
- passenger cars equipped with an engine or electric motor in accordance with the environmental standards applicable to the vehicles concerned, such as taxi cars, may be used;
- according to the classification of the Economic Commission for Europe, passenger cars of Class *B* and above may be used as taxi cars;
- two-door (except for minivans with sliding doors), custom-built and manually operated vehicles for persons with disabilities are not allowed to be used as taxi cars;
- taxi cars shall be equipped with ABS braking system, normal interior lighting system, full air conditioning (with cooling and heating function), seat belts for the driver and all passengers;
- taxi cars shall be equipped with a Global Positioning System (GPS) device designed to track their movement and shall be integrated into the central system.

Here, additional requirements, such as "compliance with, at the least, environmental standard "Euro-4" and "to have special software (taxi ordering via Internet, SMS messaging)" are stipulated for taxi cars used for passenger transportation services at Baku International Airport.

The requirements for the external design of taxi cars carrying out passenger transportation in the administrative territory of Baku are as follows:

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<sup>23</sup> <https://e-qanun.az/framework/54951>

<sup>24</sup> <https://e-qanun.az/framework/41636>



- on the roof of a taxi car, visible from the front and rear, there shall be a fixed stationary on/off flashing yellow light/lamp with the inscription “Taxi” and a composite distinctive sign consisting of squares staggered on both sides of the front and rear doors;
- The taxi car shall have the identification number, logo, abbreviated name or abbreviation issued by the relevant state authority;
- taxi cars used for transportation by legal entities, as well as individuals carrying out passenger transportation by two or more cars shall be yellow, white or purple in color;
- the distinctive sign of taxi cars shall be blue-yellow or black-and-white;
- The taxis may have a special luminous device a placed in the upper right corner of the windshield or next to the headlight – a sign to show a red light if the taxi is free or a green light if the taxi is occupied and off.

The requirements for the interior design of taxi cars carrying out passenger transportation in the administrative territory of Baku are as follows:

- in taxi cars, there shall be a 110x60 mm information board with the driver's surname, name, photo and individual code number issued by the relevant state authority, as well as the name and address of the carrier (individual or legal entity) on the instrument panel of the front passenger seat, which shall be clearly legible;
- taxi cars shall be equipped with a taximeter or appropriate software;
- the taximeter shall be installed in a convenient place, so that passengers in the cabin of the taxi car can easily obtain information;
- there shall be no defects in the seat, seat upholstery, mat or other interior feature of taxi cars. The use of cloth covers sewn to cover the front and rear seats is not allowed. The use of car blankets as covers is allowed. The interior of the cabin as a whole shall be clean, tidy and free from unpleasant odors;
- there shall be a board clearly visible by passengers displaying the tariffs for transportation fees (fares);
- it shall be ensured that there is an inscription or sign “Smoking prohibited” clearly visible to passengers;
- taxi cars used by legal entities, as well as individuals carrying out passenger transportation by two or more passenger cars, including taxi cars used for passenger transportation service at the international airport, shall have a POS-terminal for non-cash payment.

The requirements for taxi drivers carrying out passenger transportation in the administrative territory of Baku city are as follows:

- drivers who have a driver's license confirming the right to drive vehicles in categories *B* or *BE*, who are not less than 21 years old, who have been driving a vehicle owned, rented or used for more than 2 (two) years are allowed to transport passengers by taxi cars;
- taxi drivers shall undergo special training on the rules of ethical conduct and normative legal acts regulating passenger transportation by road;
- drivers of taxi cars shall undergo a pre-trip medical examination, make sure that the vehicle they will be driving has passed a pre-trip technical inspection and operate after obtaining the necessary documents;
- drivers of taxi cars shall be neatly dressed;
- taxi drivers shall treat passengers politely, immediately inform the authorized person of their carrier about all problems arising in the vehicle, road conditions along the route and promptly notify the relevant services (police, fire protection service, emergency medical service) in the event of a traffic accident, fire and other emergency situations or serious health problems of a passenger, take possible measures to eliminate any problem by maintaining the safety of passengers.

Furthermore, *The Rules for the Carriage of Passengers and Luggage by Road Transport* were approved by Resolution No. 141 of the Cabinet of Ministers of the Republic of Azerbaijan dated 17 September 2009.<sup>25</sup> The ninth section of these rules covers issues related to passenger transportation by taxi passenger cars. In addition to the above-mentioned requirements, these rules also contain the following requirements for passenger transportation by taxi passenger cars:

- The cost of passenger transportation by taxi cars is determined on the basis of taximeter readings depending on the declared tariffs for car delivery, boarding, one kilometer of paid travel and one hour of paid idle time. The procedure for determining the fee for providing a taxi car to a customer shall be announced by the carrier or organizer of passenger transportation.
- The carrier may pick up other passengers on the road with the consent of the passenger who has rented a taxi car. In such cases, the total amount of the fare is divided among the passengers depending on the distance traveled by each of them.
- Opening the windows of a taxi car is allowed only with the mutual consent of the passenger and the driver.
- It is not allowed to transport fire-hazardous, flammable, explosive, toxic substances and materials, luggage that can be sharp, that can pollute or damage the interior of the

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<sup>25</sup> <https://e-qanun.az/framework/18414>

car, unsheathed or unwrapped firearms, animals and birds (except for cats, dogs with muzzles and short leashes with special mats placed under them, small animals in baskets, straw bags and boxes, including birds in the locked cages with closed bottom).

According to these rules a taxi driver is prohibited from:

- waiting for orders outside taxi parking lots and providing services to passengers in places that pose a danger to traffic;
- carrying out passenger transportation by a taxi car with technical malfunction that creates a traffic hazard, as well as a defective or broken taximeter or speedometer;
- to carry out passenger transportation with the taximeter switched off;
- to carry more passengers and luggage (hand luggage) than the norm determined by the technical parameters (specifications) of a taxi car;
- boarding other passengers in a taxi car without the consent of the person who first hired it;
- to require a passenger to pay a fare in excess of the taximeter indicator;
- to remove the taximeter or recognition light from the taxi car or cover them with any objects.

These rules also reflect the rights and responsibilities of taxi drivers and passengers. The **rights established** by the rules **for taxi passengers** are:

- to order a taxi car by indicating the place and time of arrival (including by phone);
- to carry baggage and hand luggage without paying an extra fee, i.e., not exceeding the norm determined by the technical indicators of the taxi car;
- at the request of the driver of a taxi car to pay in advance the fare not exceeding the estimated cost of the trip and idle time while waiting;
- to carry various items in the cabin of a taxi car that do not damage or contaminate the upholstery and equipment of the cabin, as well as do not interfere with the driver in safe driving of the car;
- taking responsibility for the deterioration of the carrier's property, it is necessary to transport dogs in muzzles and on short leashes, as well as cats, other small animals in baskets, straw bags and boxes with a special waterproof mat and birds in cages with a closed bottom;
- to require the taxi driver to take the shortest recognized route to the destination;
- to get information about the approximate cost and conditions of the services provided when placing an order for a taxi ride;
- to cancel the order made for transportation not later than 30 minutes before the arrival of the taxi car at the specified time by notifying the order receiving station;

- to request a check or receipt on the payment of rent or fare.

### **2.3. Conclusion**

An examination of the laws in force and its comparison with good foreign practices in this area (as further discussed below) gives reason to conclude that after the entry of the July 2023 amendments to the *Law on Road Transport* and other related legislative acts, gaps in legislation in the field of regulation of the taxi services market have been largely eliminated and significantly improved. As we can see from the above analysis, the legislation will define issues of access to the taxi services market, issuance of permits to legal and physical entities—entrepreneurs engaged in taxi and taxi order services, requirements for motor vehicle drivers and their professionalism, technological indicators, external and internal design and quality of service, extending mainly to the protection of labor rights of drivers, investors and their personal data. However, the national legislation provides for the use of tachographs only for international road transport. Or, as already mentioned above, although the legislation establishes restrictions on the number of permits for passenger transportation in taxis by the Azerbaijan Land Transport Agency “in order to optimize the distribution of passenger flows by mode of transportation for public road transportation services,” terms and conditions of such restrictions are not specified—they are left up to the agency. Also, the legislation contains gaps to address risk assessments associated with taxi drivers.

### 3. International Experiences in the Regulation of the Taxi Services Market

Taxi services are an important component of transport systems across the globe. Even in Europe, with relatively high levels of private car ownership and highly developed public transport, the taxi industry employs more than one million people, representing 8% of jobs in the European transportation sector. Given that 40% of European households do not have their own car and 50% of elderly people do not have a car or cannot drive, it is clear that the extent of the potential need for taxi services is large. In addition, research shows that taxi services are also used three times more often by mobility-impaired people than the rest of the population, with taxis being the primary means of transport for longer trips in rural areas. Taking a taxi can, in some cases, reduce key risks – notably drink driving and getting people home safely late at night.<sup>26</sup> The largest advantage of app-based digital taxi platforms is that they favor a more customer-oriented approaches and can better match supply and demand. Unlike traditional taxi operators, taxi stands are not needed on digital platforms; customers can't order from the nearest stand. But instead, they can select via the internet the nearest taxi from the system, route the order to themselves, and even call it to service from home based on the navigation service. The system even in advance gives you information about the type of car, license plate number, the driver's info, and your fare. Any item you forget in the car can be returned to you quickly based on your information remaining in the system.

Another advantage of the system is that both the rider and driver have the opportunity to evaluate each other. If the rider rejects the booking several times in a row or forces the driver to take him/her to an address different than the rider originally requested, the next time a driver encounters this rider, the driver will be presented with options to cancel the rider's booking or receive a higher wage. Alternatively, if a driver consistently has a low satisfaction score, they may be removed as a contractor. Having such a system of mutual evaluation provides a constant opportunity to improve the quality of service. New platforms around the world are no longer seen as a service provider, but simply as an internet platform that connects customers and drivers. The European Court of Justice has ruled that Uber is a transport services company and should not be treated as a technology app connecting drivers and riders, and therefore must meet local traffic regulations in member states. By the way, today, 93 million customers use the *Uber* platform, with 3,6 million drivers serving the growing user base in about 10.000 cities across 71 countries.<sup>27</sup>

In addition to multinational platforms such as Uber, national companies also operate successfully in many countries. For example, in Denmark, Dantaxi 4x48 is one such platform. This company is similar to Uber and provides fixed-price online booking services. The prices are set via Google Maps immediately after the entry of the order and payment is made in non-cash form. When a

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<sup>26</sup> “Making Taxis Safer: Managing Road Risks for Taxi Drivers, their Passengers and Other Road Users”

[https://etsc.eu/wp-content/uploads/TAXI\\_report\\_final.pdf](https://etsc.eu/wp-content/uploads/TAXI_report_final.pdf)

<sup>27</sup> <https://backlinko.com/uber-users>

customer orders a taxi, the driver's name and photo are immediately sent to the customer. Satisfaction in customer- driver relationships is continuously measured on the system, and drivers who consistently score lower are removed from the system. Taxi-companies never cooperate with unlicensed taxi drivers.<sup>28</sup>

The wave of digitalization over the last 10-15 years has created a new situation in the whole taxi sector. The rise of internet taxi platforms such as Uber, Lyft and Hailo also leads to questions such as how to ensure the safety of vehicles, their drivers and passengers ever more urgent. First of all, the regulation of the taxi industry is aimed at ensuring passenger safety, and on the other hand, at preventing unfair competition, as well as maintaining social conditions for the maximum availability of taxi services to all segments of the population.

Traditional regulation is no longer relevant. Taxis are now ordered via a mobile phone app, which creates a liability to provide security of the personal data received and guarantee its protection. The protection of labor rights and the social and health insurance of drivers who receive pick-up orders by driving their own car have also become the object of regulation. Moreover, there is no longer a need for digital platforms to create a taxi fleet for the company, organize car ranks, and use taximeters as traditional taxi operators do because these platforms basically conclude a contract with drivers who have private cars, connect them with passengers via the internet and organize the service, charging a fee in return. In this case, taxi ranks and taxi parks no longer matter. Taximeters have also become unnecessary as the service fee is automatically set in the system from the moment of receipt of the order.

The emergence of digital platforms acting as app-based booking service providers in recent years has forced conventional taxi companies (dispatch operators) to move into app-based ordering as well. The greatest challenges now facing regulators are: to what extent the prices introduced by taxi platforms are formed in a competitive environment (i.e., whether the leading operators engage in cartel transactions); to what extent the vehicles used guarantee the safety of passengers (whether they meet technical safety standards); how professional the drivers are (whether their professionalism meets the safety needs of passengers); whether there are mechanisms in place to ensure the security of telephone data; whether the platform imposes any liability on a driver with whom it enters into a contract in this respect; whether passengers have a safe vehicle for their journey, with appropriate insurance in place, driven by a driver who has been vetted by licensing authorities; whether taxi drivers' working hours, rest times and earnings are regulated under employment or tax laws; whether the platform has a system in place to continuously monitor and control driver behavior with passengers and compliance with traffic regulations (whether there is a constant measure of customer satisfaction, a hotline operating 24/7, and staff who immediately resolve complaints); whether the vehicles used as taxis meet the necessary technical requirements for safe and quality service, etc.

The safety regulation is implemented through the application of various standards to vehicles and drivers. The protection of competition involves ensuring equal conditions for all player in the

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<sup>28</sup> Taxi, ride-sourcing and ride-sharing services - Note by Denmark  
[https://one.oecd.org/document/DAF/COMP/WP2/WD\(2018\)3/en/pdf](https://one.oecd.org/document/DAF/COMP/WP2/WD(2018)3/en/pdf)

market, preventing large platforms and operators governed by agreements from violating the rules of the game in the market. And making taxi services socially accessible to all is made possible through imposing lower fare ceilings.

European experts believe that taxi platforms should check drivers' break and rest time using a digital tachograph and ask drivers to take a break at regular intervals after certain hours of working time. This serves to prevent driver fatigue. That is, taxi companies should be obliged to set and enforce in-house limits for unbroken driving hours (15-25 minutes every 2-3 hours for example). Breaks and break locations should be planned for in advance of starting journeys.<sup>29</sup> In Switzerland, for example, maximum weekly working time for taxi drivers is 48 hours - this includes waiting time. Taxi drivers can do a maximum of 208 hours of overtime per year. Taxi drivers are allowed to drive a maximum of 9 hours a day and 45 hours a week. After 4,5 hours of driving, a 45-minute break must be taken. Taxi drivers are entitled to one day off or 24 hours and entitled to up to 20 days of rest (either on Sundays or as bank holidays).

In the Netherlands, an onboard computer is compulsory for all taxis as of 2015. The device digitally registers drivers' work and rest periods. Inspectors from the Human Environment and Transport Inspectorate visit taxi companies and check taxis on the road by looking at driving and resting hours. They also check the use of onboard computers, use of correct tariffs and other legal requirements.

The German State Accident Insurance Group (BG Verkehr) helps taxi drivers participate in driver safety training with grants to subsidize training according to guidelines set by the German Road Safety Council. In these countries, special attention is paid to periodic technical inspections of taxis. In Germany, ordinary vehicles should first be checked four years after the date on which the vehicle was first registered, and thereafter every two years. However, Germany requires annual inspections of taxis.

The European Framework Directive 89/391/EEC on the Health and Safety of Workers<sup>30</sup> requires every employer (taxi platforms and operators) in member states to undertake a risk assessment on taxi drivers. VdTÜV (The Technical Inspection Association) in Germany provides a certificate for taxi companies that want to prove their commitment to safety by carrying out an assessment of the driver, the car and the company.

One of the issues regulated in some countries regarding the taxi market is the number of taxi vehicles. Studies around the world show that in cities with a population of less than one million people, one taxi per 1,000 people is sufficient. However, taxi vehicles account for 5% of public transport in developing countries, while their share does not exceed 2% in large cities across developed countries, according to these studies.<sup>31</sup>

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<sup>29</sup> "Making Taxis Safer: Managing Road Risks for Taxi Drivers, their Passengers and Other Road Users"

[https://etsc.eu/wp-content/uploads/TAXI\\_report\\_final.pdf](https://etsc.eu/wp-content/uploads/TAXI_report_final.pdf)

<sup>30</sup> Council Directive 89/391/EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex%3A31989L0391>

<sup>31</sup> Taksi Duraklarının Konum ve Kapasitelerinin, Erişilebilirlik Ölçütleri ve Nüfus Dağılımı Kapsamında Değerlendirilmesi

<https://dergipark.org.tr/tr/download/article-file/534393>

The ratio of taxi vehicles to population varies considerably from country to country (primarily in large cities). For example, according to 2021 data, the number of taxi vehicles per 1.000 inhabitants is 3,5 in Budapest, 3,2 in Dubai, 2,8 in Singapore, 2 in Chicago, 1,5 in London, 1,3 in Istanbul.<sup>32</sup> In Baku, the number of taxis is reported to be 28.000.<sup>33</sup> If we take Azerbaijan's official statistics for population (2,3 million people), this figure is 12, and if we take the real number based on unofficial data, just over 3 million people, it is 9. By the way, the 2020 study reveals data on the average taxi tariff (in €) for one kilometer in these cities: 0,98 in Budapest, 0,49 in Dubai, 0,42 in Singapore, 3 in Chicago, 3,55 in London, and 1,42 in Istanbul.<sup>34</sup>

In order to find out whether the number of taxi vehicles meets market demand and whether they are operating efficiently, local authorities usually carry out assessments based on specific indicators. One such indicator is to identify the deadheading (running without passengers) percentage in major cities. The share of kilometer driven by taxi without passengers is 43% in Istanbul, 38% in Montreal and only 9% in Dubai.

In some practices, the application of environmental standards against taxis is already a regulatory requirement. For example, in London, standards for taxi and ride-hailing vehicles have been set as a move to tackle air pollution. From 1 November 2019, a maximum operating age for taxis has been mandated, meaning no taxi will be licensed to operate past its age limit. The maximum age is 15 years for zero-emission capable (ZEC) taxis, Euro 6 diesel taxis and new conversions to liquid petroleum gas (LPG). The maximum age for taxis converted to LPG before 1 November 2019 is 20 years. The maximum age limit for Euro 3, 4 and 5 diesel taxis was reduced to 12 years on 1 November 2022.

Although for quite some time there have been wide discussions in Türkiye, especially in its metropolis Istanbul, in the field of regulating the taxi market, steps have not been taken to solve regulation issues. The main issue in Türkiye is that traditional taxi operators still have an absolute advantage in the market and in order to provide taxi services with these companies, one must obtain a "taxi license plate," i.e., a permit. Individuals can obtain this permit and can then transfer it to others who have a vehicle. Having obtained the taxi plate, these individuals are authorized to operate after registration at any taxi rank. Such conditions lead to a sharp increase in the costs for taxis, concentration of "taxi plates" as a source of profit in the hands of wealthy individuals, and a decrease in the efficiency of the sector.<sup>35</sup>

At the end of 2020, there were about 30.000 taxi drivers in Istanbul, of which about 10.000 were Uber drivers.<sup>36</sup> According to a study by Istanbul Technical University,<sup>37</sup> less than 3 taxis per 1.000

<sup>32</sup> Global taxi & ride-hailing benchmarking study 2019-21

<https://cms.uitp.org/wp/wp-content/uploads/2023/06/Statistics-Brief-GlobalTaxi-APR2023-web.pdf>

<sup>33</sup> <https://report.az/infrastruktur/rinn-bakida-taksilerin-sayi-heddinden-coxdur/>

<sup>34</sup> Global taxi & ride-hailing benchmarking study 2019-21

<https://cms.uitp.org/wp/wp-content/uploads/2023/06/Statistics-Brief-GlobalTaxi-APR2023-web.pdf>

<sup>35</sup> <https://tr.euronews.com/2021/10/28/taksi-problemi-suruculerde-kazanc-bask-s-ibb-de-cozum-aray-s-plaka-sahiplerinde-kay-p-kork>

<sup>36</sup> <https://www.turizmgunlugu.com/2018/11/24/istanbulda-kac-yasal-sari-taksi-ve-uber-araci-var/>

<sup>37</sup> **İstanbul Taksi Sisteminin İncelenmesi ve Gelecek İçin Stratejik Yaklaşımlar Teknik Raporu**  
<https://tuhim.ibb.gov.tr/media/2397/i-tu-rapor.pdf>



inhabitants indicates a shortage of taxis and poorer availability of services to the population. To ensure the smooth provision of taxi services in a city, this figure should be 3 or more. Globally, the average is 2,2. Top cities like Washington DC, Paris, London, Prague, Stockholm, Dublin and Barcelona have a higher taxi-to-population ratio than the global average.

The taxi market in Istanbul is governed by a special regulation.<sup>38</sup> According to this document, passenger taxis must have a license to carry passengers and baggage. In turn, all taxis can begin operation only after registration with Public Transport Control and Transport Management Center. Once registered, tracking and surveillance equipment such as security cameras, alert buttons, GPS are installed in the taxi. This registration also allows taxi drivers to get support through the center. The rules give the green light to businesses that want to set up online taxi platforms (based on mobile phone apps) to participate in this activity, subject to new conditions. For this purpose, the applicant must obtain an Electronic Transport Management License. One of the main requirements is that as part of providing app-based taxi services in Istanbul, appropriate devices (tablets, taximeters, etc.) must be installed in taxis, and feedback on the device compatibility must be received. The licensed company or its branch must be located in Istanbul, have the necessary communication infrastructure for 24/7 customer service. The license is issued for a period of 5 years. Businesses applicants must obtain ISO 9001 (Quality Management System), ISO 27001 (Information Security Management System) certifications within 1 year once their license applications have been approved.

The above regulation defines some requirements for driver and passenger behavior. For example, it prohibits the usage of listening devices (radio for example) at a level that may disturb passengers and prohibits drinking or smoking for both taxi drivers and passengers. The minimum age for getting a license to drive a taxi is 22 years and the maximum age is 66 years. In addition, in order to get a driver's license, the driver must not have committed a felony under certain articles, not have been involved in a traffic accident resulting in death due to his/her fault or negligence within the last 5 years, not have been found guilty of any traffic violation (speeding, drunk driving, etc.) due to which his/her driving license cannot have been revoked more than once in the last 5 years. In addition, a Psychiatric Examination report is required from a regional office of the country's Health Ministry, stating that there are no impediments to his or her ability to work as a driver. Before starting the activity, it is important for them to pass training to prove his/her knowledge and professionalism.

Taxi companies are very good at applying the "Carrier Quality Card" to drivers, constantly evaluating them, taking measures such as warning drivers in advance who have not maintained the required rating, or excluding them, if necessary, from the system.

The rules also establish requirements for vehicles used as taxis. Vehicles with a maximum life expectancy of up to 9 years and with a capacity not exceeding 5-8 passengers are allowed to apply for registration as a taxi.

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<sup>38</sup> <https://tuhim.ibb.gov.tr/media/2556/taksi-ta%C5%9F%C4%B1mac%C4%B1%C4%B1%C4%9F%C4%B1yoenergesi.pdf>

In Tallinn, the capital of Estonia, the process of regulating traditional taxi services has run parallel to platform-based taxi services in recent years. There are a number of normative instruments to regulate this area. One of them is the Regulation dated 29 October 2015, which sets requirements for taxi transport.<sup>39</sup> According to this document, taxi vehicles must fulfil certain requirements: for example, they must comply with the *Euro 5* standard at least, show no signs of breakage or damage, be in good technical condition, have ABS brakes, airbags for driver's and front passenger's seat, air conditioning/climate control in working condition; the dimensions of wheels must correspond to the dimensions reflected in the taximeter adjustment certificate; vehicles with a seating capacity of up to five passengers must have at least four doors and vehicles with six or more seats must have at least three doors. The taxi fare consists of two elements: a booking fee of 5,5 euros, 1,1 euros per kilometer.

The City Municipal Authority is authorized to issue driving licenses and work permits.

According to the rule on taximeters in Tallinn,<sup>40</sup> a proper taximeter or a compatible printer must be installed in a place that can be seen by the passenger and properly adapted to the vehicle.

With the emergence of digital taxi platforms in Estonia after 2015, new legal provisions regarding the regulation of the sector were established.<sup>41</sup> For example, unlike traditional taxis, platform-based taxis do not have to have a taximeter, printer, or printed price list. But for the certification, the requirement remained that new platform-based taxi drivers, pass professional training before they start work and obtain licenses like traditional taxi drivers do.

Local municipalities in Estonia can set local rules that can only be extended to traditional taxis (currently local governments cannot do that for platform taxis), including maximum prices for rides and the requirement to have low-emission cars. Furthermore, it is more difficult to monitor whether platform taxis follow the rules compared to traditional taxis. Currently, regular taxi companies advertise driver positions to those who have at least 3 years of driving experience.

According to the *Estonian Language Act* (2011), drivers of public transport vehicles are required to demonstrate knowledge of Estonian at a B1 level, and as taxis are among public transport, this should apply to them. The *Public Transport Act* only sets requirements for good reputation, as defined by the absence of a poor track record or criminal record and attainment and maintenance of driver's license.

In Tallinn, insurance companies charge higher insurance premiums for vehicles used as taxis than for private cars. In extreme cases the car insurance payment for taxis can be 100 times higher. According to the statistics of the Estonian Motor Insurance Bureau, in 2019 taxis that are operated via an application caused 1,8 times more traffic accidents than traditional taxis, and seven times more than regular cars. This fact is used as an argument for the approach of higher insurance premiums for taxis. Experts link the high accident rate in platform taxis to various reasons. Focus group participants in one study, for example, highlighted that this might partly be

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<sup>39</sup> Tallinn taxi transport requirements <https://www.riigiteataja.ee/akt/429102015031>

<sup>40</sup> <https://www.riigiteataja.ee/akt/128092015005>

<sup>41</sup> Platformisation of Tallin's taxi industry: results from the plus project  
<https://project-plus.eu/publications/platformisation-of-tallinn-taxi-industry/>

because platform taxi drivers spend more hours in the traffic; therefore, they obviously have a higher chance of getting into an accident. They also noted that platform taxi drivers often have their “eyes on the app,” so they pay less attention to traffic.

Estonian experts believe that taxi companies that organize a service provided through internet orders should conclude employment contracts with drivers. In this case, platform-based taxi drivers should join trade union organizations to protect their labor and social interests. If they fail to do so, the drivers should be registered with the tax authorities as an individual entrepreneur (taxi owner). But even in such conditions, taxi drivers, by creating their own professional community, can defend their social interests before taxi companies.

In addition, the International Association of Transportation Regulators (IATR) has pioneered providing model regulations<sup>42</sup> exploring specific challenges and issues with taxi regulations, including the following:

- **Market Entry Restrictions:** market access criteria, limits on the number of vehicles and/or operators, and regulation of the rental and lease market for licensed vehicles.
- **Driver Standards & Licensing:** driver eligibility, training requirements, the driver permitting/licensing process, background checks, and drug tests.
- **Fare Control:** taximeters and taximeter specifications, “soft” meters (e.g., digital, GPSbased); up-front fares, metered fares, dynamic pricing, and surge pricing.
- **Service Quality:** availability of service at certain times and locations, passenger pooling, and vehicle advertising restrictions.
- **Vehicle Quality and Safety Standards:** vehicle inspections, equipment approvals and
- minimum requirements on vehicle age, mileage and color schemes.

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<sup>42</sup> Modernizing taxi regulations. <https://iatr.global/wp-content/uploads/2023/09/Modernizing-Taxi-Regs-Aug-2023.pdf>

## 4. To What Extent Do Taxi Services Meet Passenger Needs in Azerbaijan?

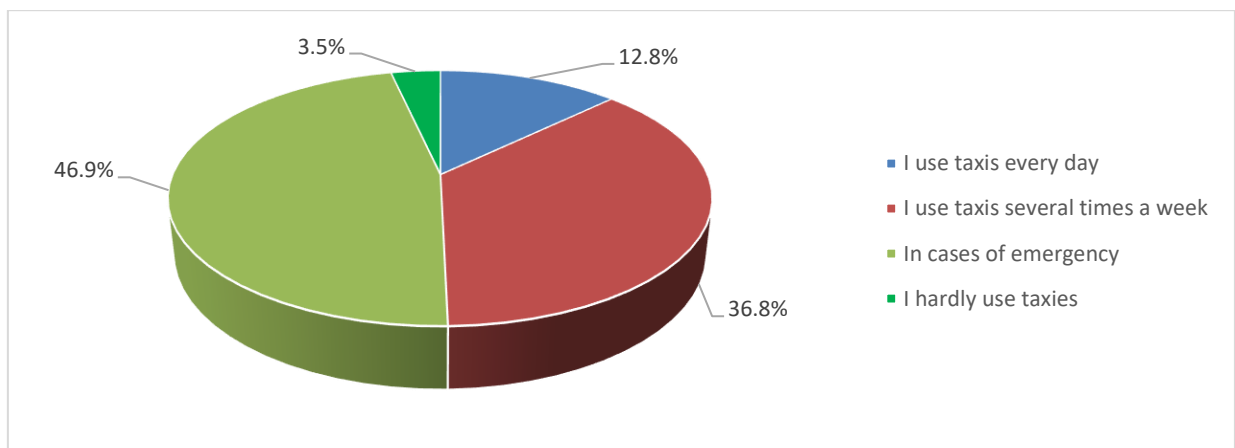
Baku Research Institute (BRI) has conducted a survey on social media platforms with a view to finding out how Azerbaijanis feel about taxi service quality and price and with an interest in obtaining feedback and proposals to improve service quality.

*In total 685 respondents took part in the survey conducted via Freeonlinesurveys.com.*

*Of the survey respondents, 83% were male and 17% were female. More than half (53%) were between the ages of 26 and 40, about one fourth (26%) between 41 and 50 years, 8 % between 17 and 25, 10% between 51 and 64, and 2% were age 65 and over.*

*As for marital status, the largest percentage, 69,3%, were married, 30,2% were single, and 0,5% were divorced.*

The first question on the survey concerned the frequency of the use of taxi services by the respondents. When answering this question, 12,8% of respondents said that they use taxi services *every day*, 36,8% of respondents indicated that they use taxi services *several times a week*, 46,9% chose the option *in cases of emergency*, and 3,5% stated that they *hardly use taxi services*.

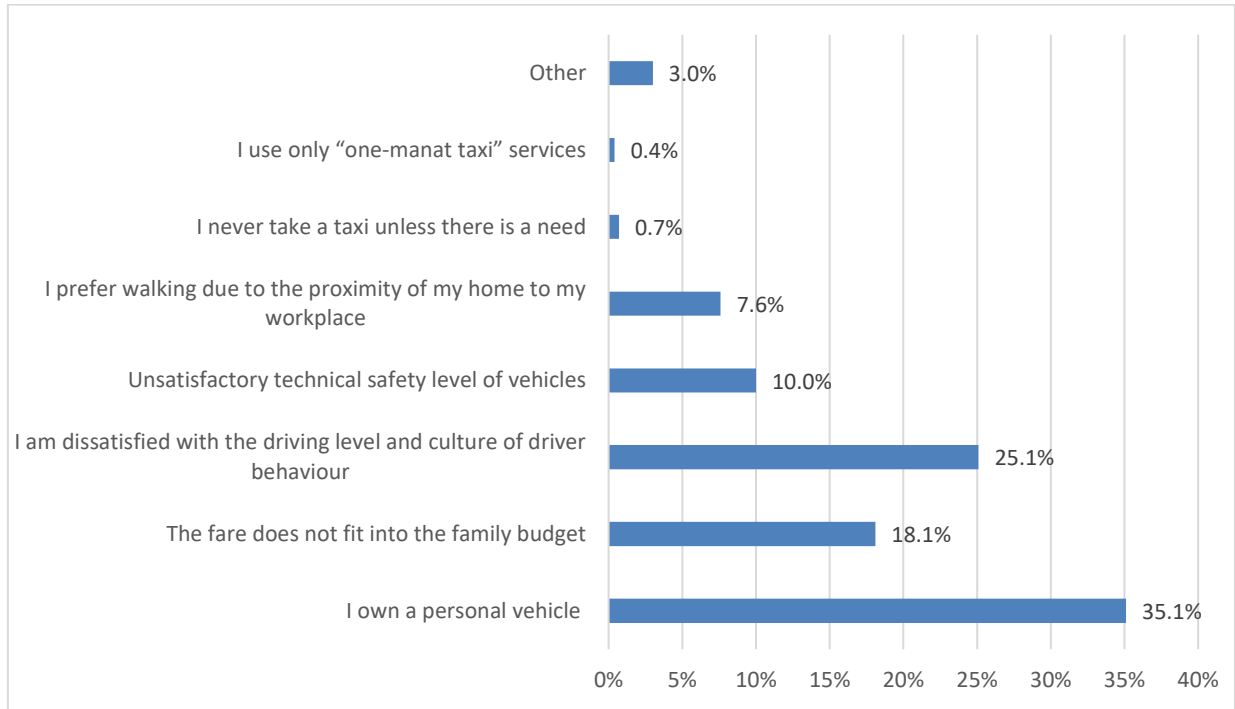


**Figure 2. Frequency of using taxi services**

The survey followed up with respondents who said they never or almost never use taxi services, asking why. The answers show that about half of respondents (43,1%) do not really need this service. Thus, 35,1% of respondents attributed their lack of need to *availability of a personal vehicle*, 7,6% did not need taxi services at all due to *the proximity of their home to their workplace*, and 0,7% justified their failure to use a taxi due to a simple lack of need (see Figure 2).

Nearly one fourth (25,1%) of those who never or almost never use taxi services believe that *the driving level and culture of driver behavior are unsatisfactory*, 18,1% of respondents think that

the fare does not fit into the family budget, and 10% have indicated the unsatisfactory technical safety level of vehicles, underlining the importance of safety. Few respondents (0,4%) said that they limit the use of taxi services to "one-manat taxis," taxis which charge one manat for a fixed route. Among those who listed other as their reason, 3% of respondents cited late taxi arrivals at destinations because of traffic jams, drivers' protests against cashless payments, cab fares as a waste of money (see Figure 3).

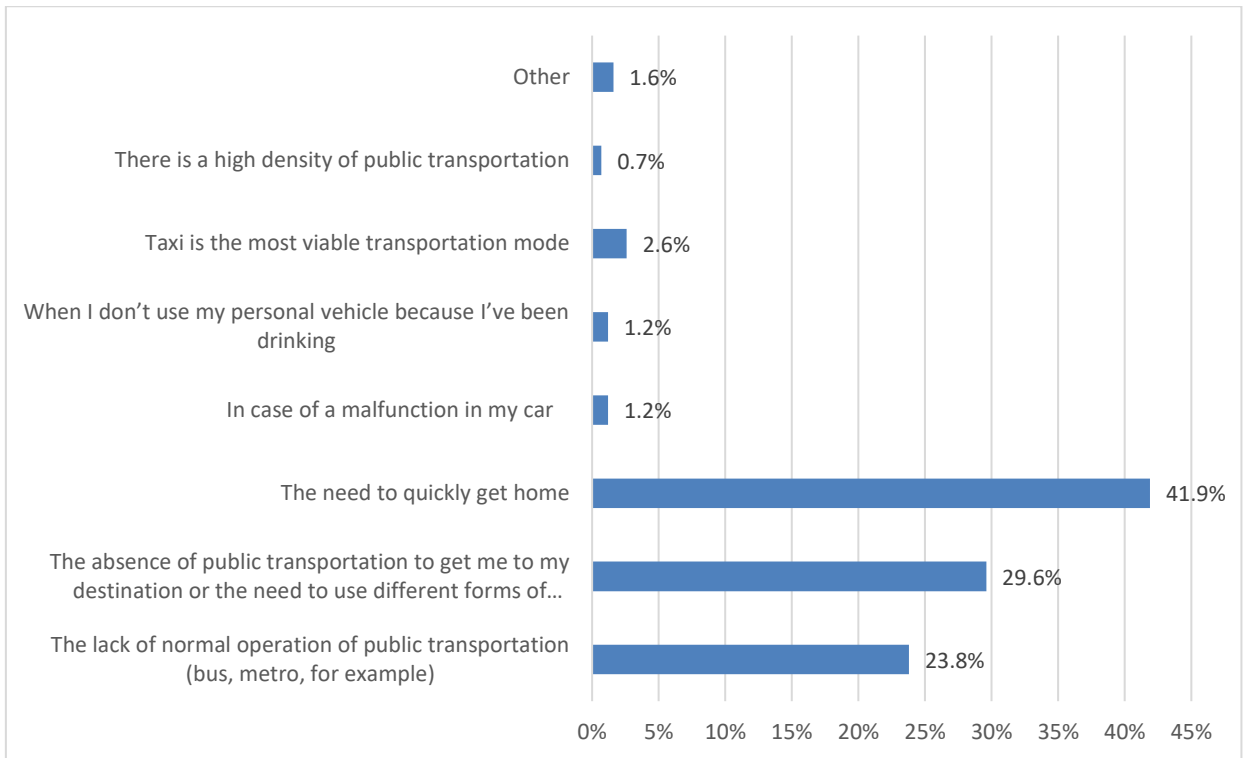


**Figure 3. Reasons for lower use of taxi services**

A plurality of respondents (41,9%) answering the question *In what cases does the need for taxi service arise?* indicated the need to quickly get home, 29,6% of respondents cited the absence of public transportation to get them to their destination or the need to use different forms of transportation to reach their destinations, and 23,8% reported the lack of normal operation of public transportation (bus, metro, for example) (see Figure 4).

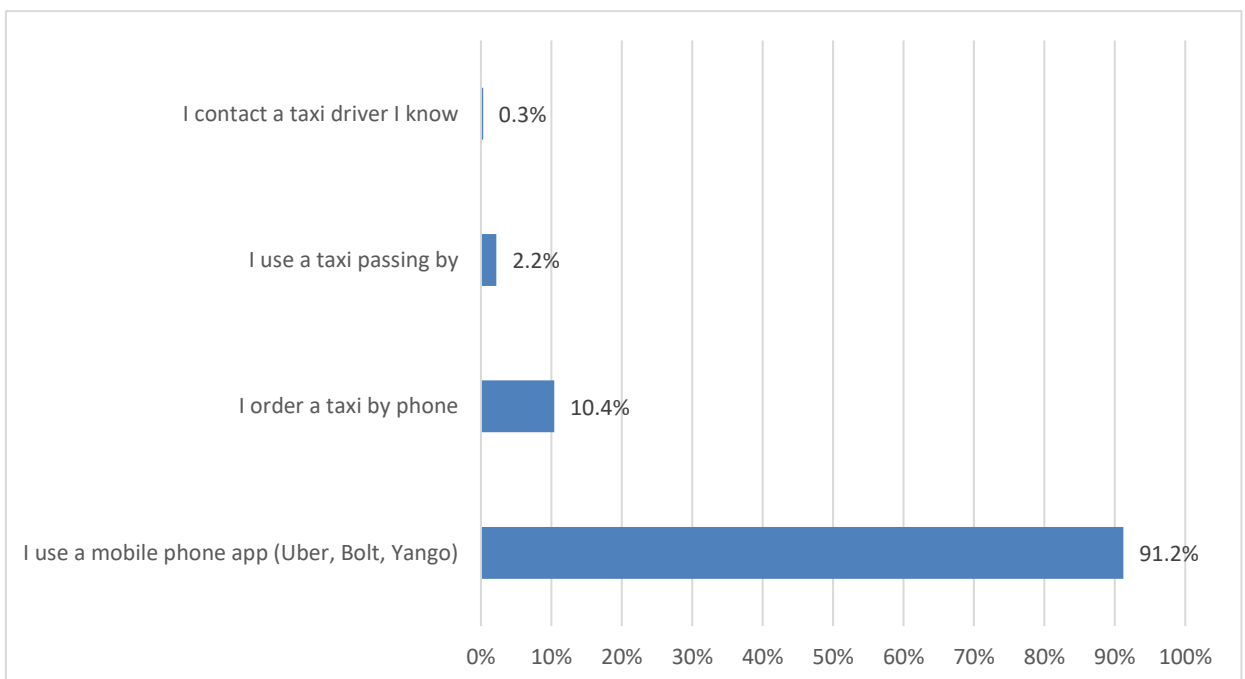
Although 2,6% of respondents surveyed showed a preference for a taxi as the most viable transportation mode, 1,2% of respondents indicated that their personal car was in disrepair, 1,2% said that they take a taxi when they didn't use their personal vehicle because they had been drinking, and 0,7% stated that they use taxi services due to a high density of public transportation.

Among other reasons, 1,6% of respondents said that they do not use a private vehicle because of traffic jams and limited parking spaces, that public transportation is in poor condition, etc.



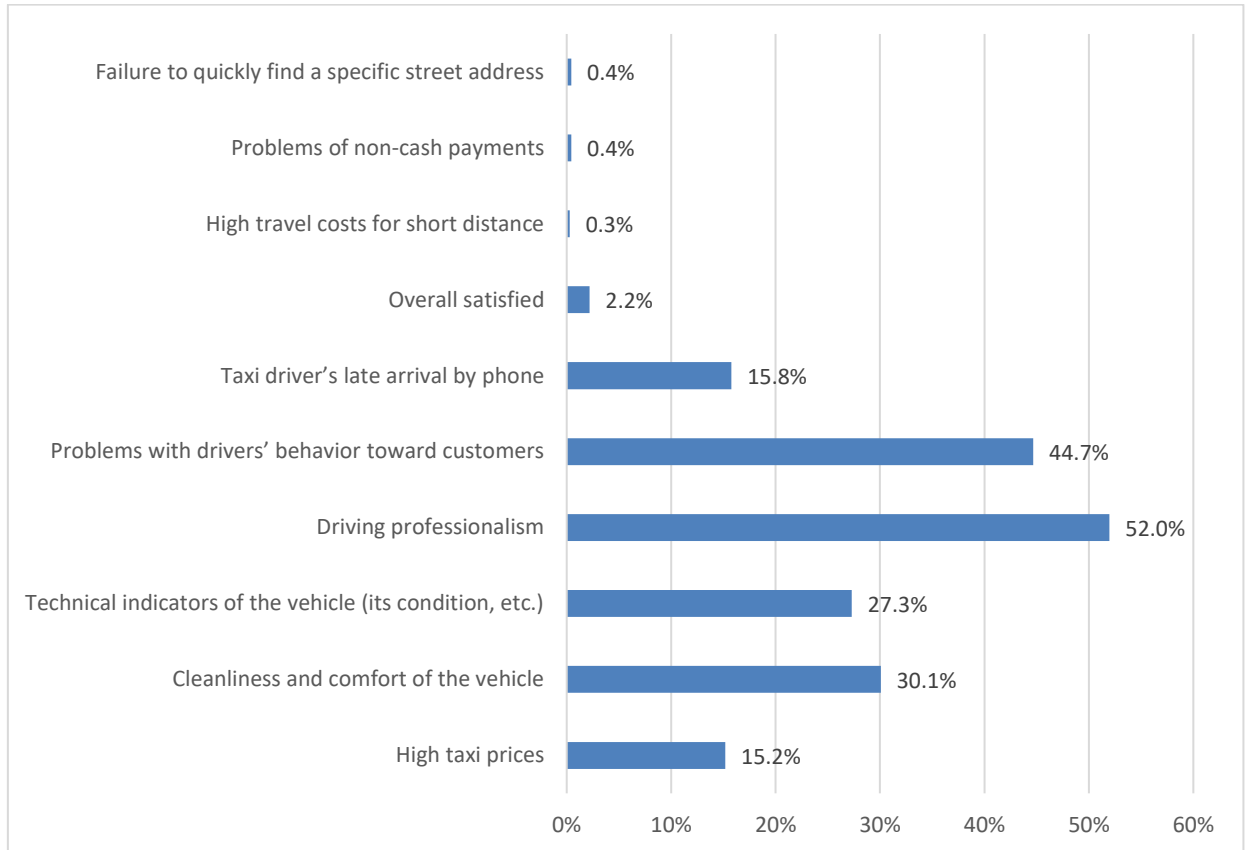
**Figure 4. Needs that require using taxi service**

The next question was about how respondents ordered a taxi. The analysis of survey responses shows that the majority of respondents (91,2%) cited *the use of a mobile phone app (Uber, Bolt, Yango)*, while 10,4% *ordering a taxi by phone*, 2,2% *using a taxi passing by*, and 0,3% *contacting a taxi driver they know* (see Figure 5)



**Figure 5. Ways to order taxis**

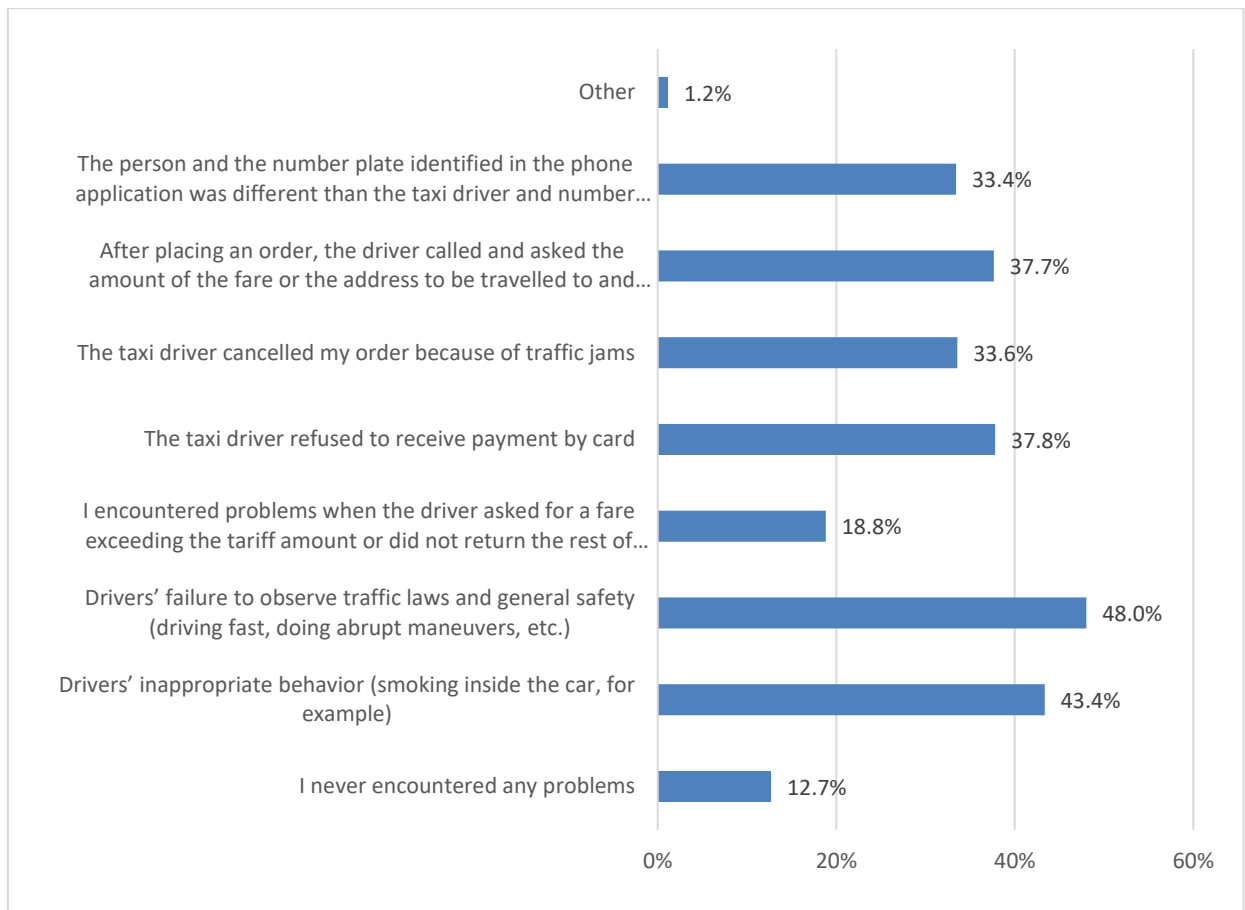
Another question asked of respondents was what would make them unhappy with the quality of taxi service. The responses indicated that about half of respondents are often unhappy with the action of a driver. 52% of respondents indicated that *taxi drivers' professionalism is not at an acceptable level*, 44,7% cited *problems with drivers' behavior toward customers*, 30,1% noted the *unsatisfactory level of cleanliness and comfort in the vehicle*, and 27,3% observed *poor technical indicators of the vehicle* (see Figure 6).



**Figure 6. Instances of public dissatisfaction with the quality of taxi service**

Major concerns noted by respondents were *high taxi prices* (15,2%) and *taxi driver's late arrival by phone* (15,8%). In addition, 0,4% of respondents cited *taxi drivers' difficulty in finding a specific street address*, with 0,4% *problems of non-cash payments*, and 0,3% a *higher minimum on the price for short distances* (2,5 manats). 2,2% of respondents indicated that they are *satisfied overall* with taxi services without mentioning any problem (see Figure 6).

One of the questions concerned driver behavior and aimed at clarifying *problems facing respondents with drivers when using taxi service*. Judging from the responses, about half of respondents (48%) cited *drivers' failure to observe traffic laws and general safety* (driving fast, doing abrupt maneuvers, etc.), and 43,4% cited *drivers' inappropriate behavior* (smoking inside the car, for example) (see Figure 7).



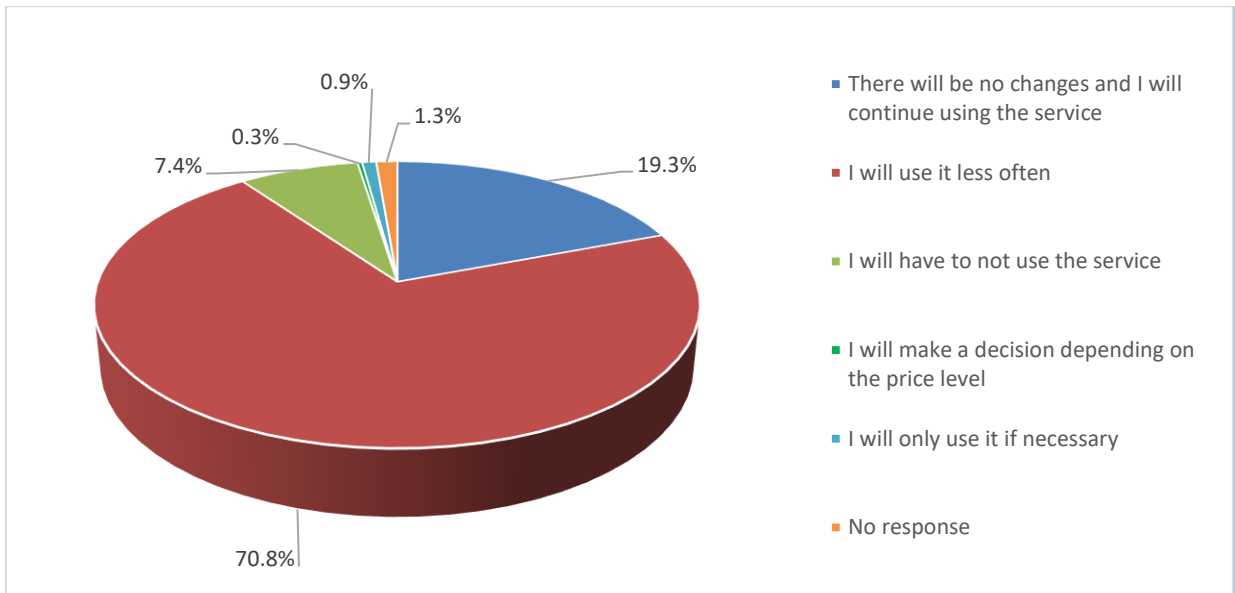
**Figure 7. Problems with taxi drivers encountered by respondents**

Other problems faced by respondents were related to payment. 37,8% of respondents stated that *drivers were reluctant to receive payments by card*, 37,7% of respondents said that *after placing an order, the driver called and asked the amount of the fare or the address to be travelled to and cancelled the order because he was not satisfied*, and 18,8% encountering problems when *the driver asked for a fare exceeding the tariff amount or did not return the rest of the money* (see Figure 7).

One of the problems deserving special attention was *the difference between the person and the number plate identified in the phone application and the taxi driver and number plate servicing the passenger*. One third (33,4%) of respondents said that they encounter this problem. 33,6% of respondents have indicated that *the driver cancelled the order citing traffic jams* and 1,2% stated that *the driver was talking on the phone or found under the influence of drugs while driving*. Only 12,7% of respondents said *they had not experienced any specific problems*.

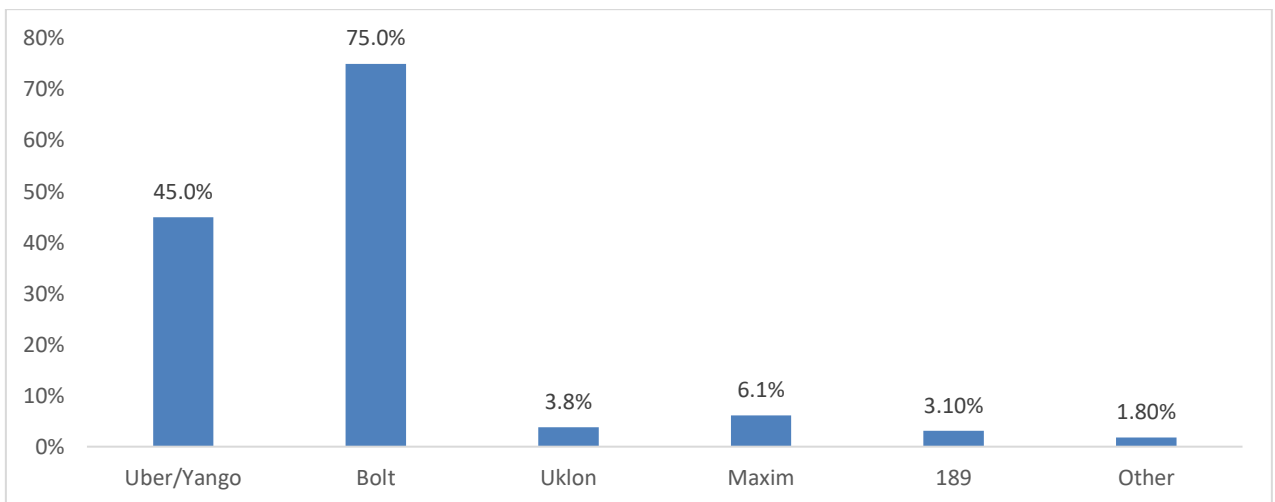
To the question of whether the taxi service has become more expensive, around every fifth respondent (19,3%) stated that *they would not make any changes to their decision and would continue using the service*. The vast majority of respondents (70,8%) said *they would use it less often*. While 7,4% of respondents emphasized that *they would completely refuse to use the service*, another 0,9% stated *they would only use it if necessary* and 0,3% *would make a decision depending on the price level* (see Figure 8).





**Figure 8. Impact of the probable increase in prices of taxi service on passengers decision**

The survey included a question asking respondents to select which taxi companies they prefer among the numerous taxi companies. An analysis of survey responses reveals that 3 out of 4 respondents (75%) use online intermediary services such as *Bolt* (75%), 45% *UBER/Yango*, 6,1% *Maxim*, 3,8% *Uklon*, 3,1% *Taxi 189*, and 1,8% short numbers 0066, 1166, 0222, 2111, and 9111 (see Figure 9).



**Figure 9. Taxi companies preferred by respondents**

The last question on the survey was aimed at understanding the respondents' opinions on how to improve the quality of taxi services. Respondents' proposals are more related to *improving the professionalism of taxi drivers and improving the culture of their behavior*. 64,8% of respondents surveyed showed a preference for *improving the culture of driver behavior toward customers* and 59,1% for *enhancing their professionalism in driving*. More than half of respondents (54,3%) believe that *the barrier to non-cash fare payment, i.e., an obligatory payment card, should*

disappear. 42,3% of respondents said it was important to improve the quality of taxi vehicles. 0,7% of respondents proposed tightening the requirements for drivers' health and keeping them under constant control in order to eliminate problems related to their health, 0,4% suggested canceling the 18% VAT levied on passengers during non-cash payment, and 0,6% favored maintaining unified standards for taxi services, reducing tariffs for fare, increasing control over the activities of taxi companies, etc. (see Figure 10).

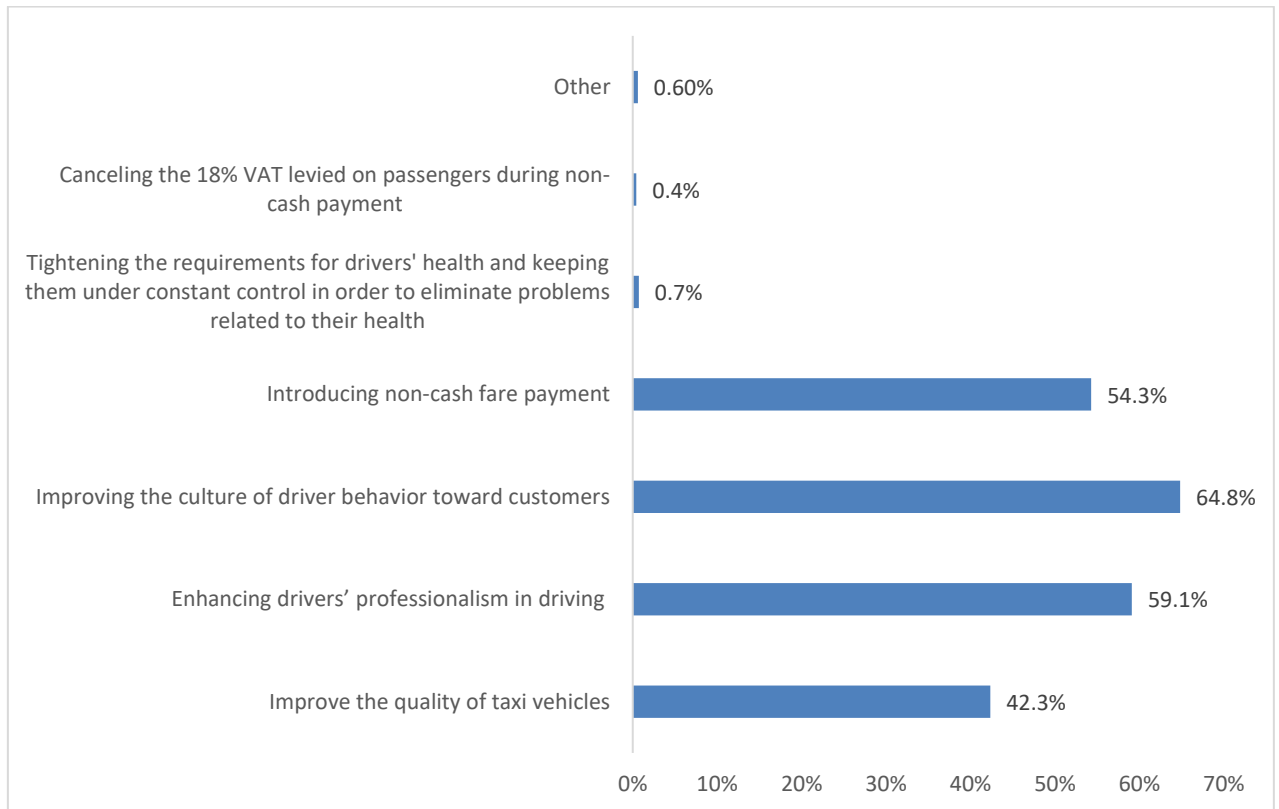


Figure 10. Proposals to improve the quality of taxi services