



EFTA Surveillance Authority
Attn: Caspar Ebrecht
Rue Belliard 35
1040 Brussels
Belgium

INNANRÍKISRÁÐUNEYTIÐ

Ministry of the Interior

Sölvhólsgrötu 7 101 Reykjavík Iceland
tel.: + (354) 545 9000 fax: + (354) 552 7340
postur@irr.is
irr.is

Reykjavík March 28, 2017
Reference: IRR17010280/2.13.22
Your reference: Case No. 79575

Subject: Request for information regarding access to taxi service market in Iceland

Reference is made to the letter from EFTA Surveillance Authority, dated 12 January 2017.

Below you can find the answers to the questions raised in the abovementioned letter.

1. Please specify the criteria that are applied under Icelandic law to assess the application of a new entrant to the taxi services market. Please explain how these criteria are applied in an objective, transparent and non-discriminatory manner.

In Article 5 of the Act on taxis, no. 134/2001 (Taxi Act) the general provisions for granting a work permit for taxi drivers are specified. According to the Article, Paragraph 3, the minister can prescribe further conditions for a work permit and substitute drivers in a regulation.

Article 6 Paragraph 1 of the Taxi Regulation no. 397/2002 states that if all conditions are met the Transport Authority provides permits in restricted zones on the basis of the applicants experience as a taxi driver. The Transport Authority may give special consideration to applications from disabled persons, who must have a recommendation from The Organisation of Disabled in Iceland and chief physician of insurance that driving a taxi suits them, and that their disabilities do not prevent them from working as a taxi driver. The disabled get appraised 260 days of work experience in the evaluation of permit applications.

Article 6 Paragraph 2 of the Taxi Regulation states that if a licensee in one restricted zone applies for a work permit in another restricted zone he shall be equal to other applicants in respect of driving time. His work permit in the zone he moves from expires when he gets the new permit. A licensee who has a license outside the restricted zone and applies for a work permit within a restricted zone gets 100 days for each year of work experience appraised. The Transport Authority is authorized to request documents confirming the applicant's work experience if justified, Article 6, Para 3.

With reference to the above provisions, in addition to the general provisions of the Taxi Act, the criteria applied is work experience as a taxi driver. The Transport Authority assesses and confirms the number of days the applicant has worked as a taxi driver based on information in the taxi

database, cf Article 2, Paragraph 1 of the Taxi Act.

2. Please specify which factors are to be taken into account when determining the maximum number of licences in restricted districts and how these factors are applied in practice.

Article 8 of the Taxi Act states that the minister sets in a regulation more detailed rules on the number of taxis in certain areas. In Article 4 of the Taxi Regulation the maximum number of taxis in three districts is specified; the capital city area, Akureyri and Árborg.

The number of licences has been more or less the same since 1995 when regulation no. 224/1995 put limitations on the number of vehicles. The distribution was then 570 (capital city area) - 40 (the South) - 22 (Akureyri) - 7 (Selfoss). Today in accordance with the Taxi Regulation the distribution is 560 (the capital city area and the south) - 21 (Akureyri) - 8 (Árborg). The number of licences for the capital city area and the South merged in 2005, changing from 520 + 40 to 560 licences.

There has not been a systematic review of the taxi market since the maximum numbers of licences was decided in 1995. When the number of licences was reduced in 2003, from 570 to 520 in the capital city area and from 22 to 20 in Akureyri, the review was built on the supply/demand considerations.

Since 2003 a review of the number of licences has been made in Akureyri and Árborg (+1) due to special requests thereof to the Ministry from managing directors of dispatch centrals also based on the supply/demand considerations. The reviews that have been made have thus been due to special requests at any given time but not based on a comprehensive review, cf. Article 4, Paragraph 2 of the Taxi Regulation.

3. Please explain whether the authorities, in deciding on the licence of a new entrant to the taxi service market, enjoy any discretion and, if so, whether and how the exercise of this discretion is circumscribed by law.

The decision on the licence of a new entrant to the taxi service market is based on the requirements set out in the Taxi Act and Taxi Regulation aforementioned.

4. Please explain whether restrictions following from the numerical limitation of taxi licences in restricted districts are justified by legitimate objectives in the public interest, taking into account the principle of proportionality.

With regulation no. 397/2003 the number of taxi licences were reduced from 570 to 520 in the capital city area, 22 to 20 in Akureyri, but the number remained the same (40) for the South and (7) for Selfoss. In 2005 the number of taxi licences in the capital city area and the South were merged into one zone, changing from 520 + 40 to 560 licences.

The reasoning for the reduction of licences in 2003 was amongst other things that after monitoring the development of the taxi market at the time it was clear that the demand was reducing and with the new system that took place with the regulation in 2003 it would be possible to monitor the development of supply and demand which would make it possible to take into account changes that might occur.

According to Article 4, Paragraph 2 of the Taxi Regulation the Ministry of the Interior shall before 1st September each year, for the first time in 2004, review and revise the number of permits issued in each area and take action if significant imbalance has developed between demand and supply.

Since 2003 a review of the number of licences has been made in Akureyri and Árborg (+1) due to

special requests thereof to the Ministry from managing directors of dispatch centrals. However, a comprehensive review of the number of taxi licences has not taken place. There has been no indication of a significant imbalance in supply and demand calling for a comprehensive review.

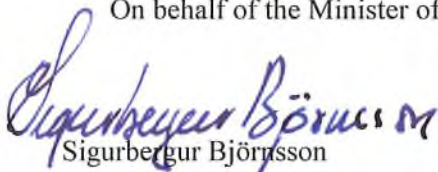
5. Please indicate how the licensing scheme is applied in practice as regards foreign applicants compared to national applicants.

According to the Taxi Act, cf. Article 5, all applicants for a licence as a taxi driver have to fulfill the same requirements. The same requirements apply for Icelandic nationals and for foreign nationals. However, foreign nationals must also pass a course for taxi drivers that is taught in Icelandic, cf. Article 3 of the Taxi Regulation. Interpreters have not been at the course/tests as the taxi drivers are meant to be able to carry a conversation in Icelandic. Those courses for taxi drivers are taught in "Ökuskólinn í Mjódd" on behalf of Samgöngustofa, cf. Article 6, Para 3 of the Taxi Act.

6. Please specify whether taxi licences holders in Iceland are subject to an obligation to be affiliated with specific taxi dispatch centrals and whether licence holders as well as applicants for a new licence are free to choose the dispatch central they want to be affiliated with.

According to Article 3 of the Taxi Act all licence holders in a restricted zone under Article 8 shall be affiliated with a taxi dispatch centre that is licensed by the Transport Authority. The driver is free to chose which dispatch centre it wants to be affiliated with as long has he is accepted by the dispatch centre itself. It is stated in Article 5, Para 3 of the Taxi Regulation that in the restricted zones the applicant shall submit evidence that he has the option of affiliation with a licensed dispatch centre.

On behalf of the Minister of Transport and Local Government


Sigurbergur Björnsson


Ásta Sóllilja Sigurbjörnsdóttir

