

Speech

by BZP President Fred Buchholz

**on the occasion of the European Taxi Fair on
8 November 2008**

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Address for Saturday, 8 November 2008 at the European Taxi Fair in Cologne

Subject: "The Political Situation of the Taxi and Hire-Car Trade in Germany"

Ladies and gentlemen,
dear colleagues from Germany and other countries, friends of the trade and
representatives of companies and authorities,

In the name of my board of directors I would like to extend a warm welcome to all of
you here at the European Taxi Fair in Cologne.

First of all let me thank and give sincere praise to the organisers of the fair, the
Fachvereinigung Nordrhein, and their representatives Mr Zander and Mr Goldberg,
here in the new exhibition hall in Cologne, which is even better than the old venue.

Ladies and gentlemen, my address today, which will not be longer than 15 minutes,
will first of all be concerned exclusively with the political activities for the sector and
the orientation of our federal trade association. But our business situation, especially
in the period since the middle of this year, is of at least equal importance. For this
reason please permit me to refer to this subject, too, in consequence of current
events.

However, let us begin with our political activities for the trade:

Ladies and gentlemen, you can rest assured that this very efficient and well
organised business association with all its committees has addressed or will address
every current and future problem relating to political bodies and the authorities.
The following points were on our agenda this year, whether on the numerous visits
we made to the party spokespersons of the transport policy committee in Berlin, or at
our repeated meetings with the authorities of the Federal Transport Ministry in Bonn:

-- We very clearly and vehemently rejected the accusations of assisting illegal
immigration made at the start of the year

-- With our statement we succeeded in preventing the abolition of the test of local
knowledge for hire cars in towns of more than 50,000 inhabitants

-- The very expensive fiscal taximeter with numerous data storage functions, which
was under discussion for years, is no longer being considered; now the authorities
have a plan for an altered version in the form of a taximeter with the function of a
cash register
(in this matter please note the speech of IRU president Hubert Andela from Holland).

-- In 2008 we have argued emphatically for a revision of the arrangements for
calibration and measuring. Our aim was to gain acceptance that calibration must be
carried out only as a first calibration, after a change of tariff and after repair. In our
opinion, repeated annual calibration makes no sense with today's modern taximeters
and creates costs that we regard as unnecessary.

-- The introduction of a short course for taxi drivers has been a priority aim for many years, which we have repeatedly put forward – but more on this point later.

The law on passenger transport in our view still represents – with a few exceptions – a functioning regulatory framework that we can reasonably live and work with, even though the last fundamental amendment took place 25 years ago. Of course we are campaigning in Berlin and Bonn for 100% implementation as part of public local transport and not, as the text of the legislation states, that we merely complement, intensify and partially replace local transport! But that is a long and difficult road to travel!

A very recent item from the last few days is the new constitution of our federal association:

The abolition of the specialist groups for taxi control centres and hire car/regional associations

Almost exactly a quarter of a century has passed, and in recent years there were clear signals from our members that the usefulness of continuing these specialist groups should be considered.

I do not wish to deny that, not so much in the area of our activities on trade policy – here the member organisations have always found a consensus on our policy with a clear majority in constructive discussions, regardless of which specialist group they belonged to – but in the field of personnel, i.e. in filling posts, the specialist group mindset has often resulted in conflict and unproductive turmoil. For this reason voices have recently been heard, increasingly and with justification, saying that the association should put all its effort into dealing with the daily concerns of our member businesses rather than expending a great deal of energy in retaining the mentality of groups and quotas etc, and occupying itself with unnecessary disputes between vested interests.

This far-reaching change of constitution was a milestone, which will undoubtedly have a positive influence in future on some of our discussions as well as on our way forward for the future. By explaining the position and presenting convincing arguments we have achieved something amongst our own membership that almost nobody thought possible. By this means we have, as we see it, together succeeded in making our association well equipped for the work of the coming decades.

Here I can do no more than outline the results that have been achieved in the many initiatives and activities of the presidium, board and the managing directors, as well as those of the specialist committees in cooperation with the member organisations. We are concerned not only with the colour of and the advertising on taxis, but with many, many more issues.

We recently visited the secretary of state in Berlin who is responsible for our sector and explained to him the dramatic business situation of our trade. Of course our politicians cannot take measures for our volume of business (more about this later), but in respect to our cost situation we reached the end of the road long ago, and we stated this in the most emphatic terms.

Let us now turn to the business situation of our sector

The economic conditions in Germany and Europe, which initially looked favourable, have now clouded over, and a severe storm is brewing. The financial crisis is in full swing; the economic crisis has begun and will probably bring massive inevitable burdens in its wake, nationally and internationally. The first sign was the insolvency of IKB Bank in April, which I attacked at the time in my report to the members' assembly as evidence of the incompetence of some bankers. Now we realise that this disgraceful event was in fact just the first incident, and in the total context just a small aberration, amounting to "peanuts". Our experience from the past shows that setbacks in economic growth have an enormous influence on business travel, which hurts us immediately. Moreover, private households have been particularly affected by the consequences of the rise in energy costs and are therefore only able to buy what they absolutely need. Often this will not be the services of our trade. We should prepare for an enormous decrease in demand. It is not only the behaviour of our customers, the passengers, that is precarious; on the cost side, too, the taxi and hire-car business has been subjected to as much as it can take! Since early 2008 we have suffered from a considerable increase in fuel costs. Prices for diesel of € 1.60 at times ruined not only our business, but our mood too. Compared to the situation ten years ago, the average gross price for a litre of mineral diesel fuel had risen in summer by 60 cents to € 1.50. At the moment the price is now a little below € 1.30 again, but this is only a result of the fact that the global economy is in poor shape and therefore needs less energy. Ten years ago, fuel accounted for less than 10% of our total operating costs. Today in some companies the proportion is twice as high. When the rise in costs in areas such as insurance, contributions to social security and operating materials is added, hardly any profit or none at all remains for many businesses.

But ladies and gentlemen, please do not believe that the government really can or will help us in the short or medium term. Our sector will have to help itself once again. We, and you in your own locations, your cities, your control centres or your associations, are called upon to breathe new life into taxi transport, to provide a truly "good and reliable service" to the passenger and to communicate this.

Let's be quite clear about one thing: 95% of our drivers and owners are doing a really good, honest job, the hard work of sitting for 10 to 14 hours a day in the car, 5 to 7 days a week, in order to earn the money that their families need. But there are 5% of our drivers who we are just no longer acceptable to our passengers, especially at the taxi ranks at railway stations and airports! What happens, time after time, when passengers open the door? They then sit next to an uninterested, unfriendly driver, who sometimes hardly even speaks the language of the country, and during the trip the passenger – in so far as he or she knows the locality – has to explain the route to the driver by gesturing. In big cities it is unfortunately impossible to rule out this awful scenario. The damage to the image of our trade, and to the local commune, is immense. This scenario may be exaggerated, but on some journeys it is 100% accurate, and the local press is only too happy to take up this theme!

Slide: Press Headlines

-- will be commented on verbally --

The headlines collected here relate to just a very few people, perhaps an estimated 5% of drivers, as just mentioned. But of course it is the case that passengers do not

tell their friends about the pleasant side of a taxi journey that they took, but always only pass on the negatives. And these few make the business much less attractive for the rest of us!!!

Slide: Goodwill of the general public based on business sector

-- will be commented on verbally --

Slide: Survey of what is really important to customers when travelling by taxi

-- will be commented on verbally --

We keep coming back to the subject of the quality of our service. Our initiatives here in Germany for systems of qualification such as plus taxi and service taxi, which are created by the taxi trade and operate on a voluntary basis, remain important and we must undoubtedly press ahead with them. It is absolutely essential that the movement for an improvement in service quality, which fortunately has been initiated in many places in Germany by the taxi control centres, should be accompanied by legislative measures, because otherwise not all those who need to be involved will in fact be involved. And the main issue in legislative regulation is the licence to transport passengers, i.e. a special driving licence for taxi drivers. It is not possible for us to introduce politeness, good driving and competence by passing a law. But through an extension of the licence to transport passengers, which has to include a photo and name, we would however be in a position to put an end to anonymity. Because the taxi driver that I mentioned earlier has no motivation at all to change his behaviour and to get to know the language and the town properly if he can take refuge in the position that the dissatisfied customer is no longer travelling by taxi anyway, or at least not with him.

Our assessment is that the taxi business can hardly stop the decline in quality by its own efforts; we also need legislative support. We urgently need an additional regulation that makes the acquisition of the licence to transport passengers dependent on proof of knowledge. What do we have in Germany to date? In truth, we have only the test of local knowledge, but because there are no nationwide guidelines for this test, its quality is highly variable. In speaking of a "Short Course for Taxi Drivers", the federal association means that a minimum of knowledge about the basic regulations to be observed in taxi and hire-car transport should be proved in a written examination held in German by the responsible licensing authority. The basic principles of laws on passenger transport, writing a receipt, special laws on road traffic and safety training both for how to behave in traffic and also for recommended behaviour in critical situations with passengers or in case of attack – this is not to demand a taxi doctorate, but only basic knowledge. A "Short Course for Taxi Drivers" would cost nothing, but yield great benefits. Perhaps we will hear today that similar schemes have been introduced successfully in other countries, and we should build on the foundation of this experience.

With a good, reliable service to the customer, and with taxi drivers who are better qualified, we have excellent opportunities to offer our services to consumers, companies and public-sector customers too in other markets.

Thank you for listening !