

17th July 2025

Dear Members of the Panel on Transport,

Civic Exchange Submission - The Legislative proposal to regulate online hailing hire car services

On behalf of Civic Exchange, I am pleased to submit the attached paper, ***Improving Taxi and Ride-Hailing Services in Hong Kong***, which outlines a set of policy proposals aimed at addressing persistent challenges including traffic congestion, inefficient use of road space, and the declining appeal of public transport.

Drawing on mainland and international experience and tailored to Hong Kong's unique context, our recommendations set out a framework to modernise the regulation of taxis and ride-hailing services. We believe this approach can help achieve three interlinked objectives:

1. **Reducing congestion and parking demand** by incentivising shared mobility and limiting excessive vehicle cruising.
2. **Enhancing intermodal travel** by integrating ride-hailing services more effectively with MTR and bus networks to improve last-mile connectivity for residents and visitors.
3. **Raising service quality and fairness** by updating licensing requirements, safety standards, and employment conditions for drivers.

A central pillar of our proposals is the systematic use of real-time data to inform regulation, planning, and enforcement. Data should not be treated as a peripheral issue but as an essential enabler of effective policy. In particular, reliable operational data is vital to:

- Proactively manage congestion by monitoring the number and distribution of vehicles on the road and dynamically adjusting operating permits.
- Ensure compliance and public safety through transparent tracking of vehicle safety standards, driver working hours, and service performance.
- Support fair competition and consumer protection by underpinning quote-comparison tools and preventing market distortions.
- Enable intermodal travel solutions through integration with public transport schedules and ticketing systems.
- Foster public trust by demonstrating that regulatory decisions are evidence-based and accountable.

We strongly recommend that data governance and data-sharing protocols be established early as a core element of the regulatory framework. Without this foundation, policy reforms risk being undermined by fragmented oversight and inconsistent compliance.

We recognise that implementing these measures will require close collaboration among government, operators, and the community. It is our hope that this submission offers a constructive and forward-looking perspective to inform that dialogue.

Thank you for considering our recommendations.

Disclaimer: The numbers included, particularly those related to numbers, regulatory years and durations, are for reference only. We hope to highlight what the government needs to consider for regulating.

Yours sincerely,

Civic Exchange's team

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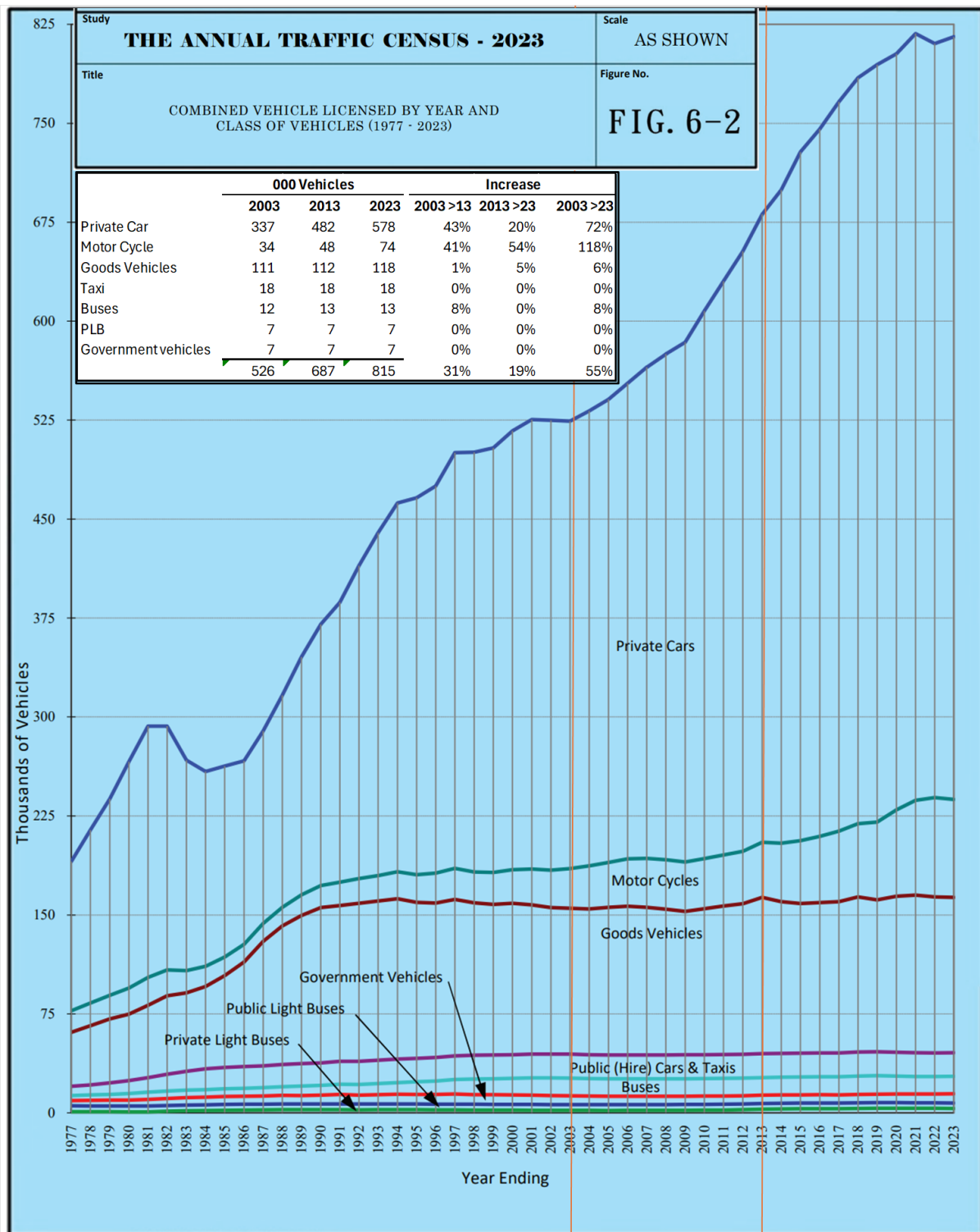
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Improving Taxi and Ride-hailing services in Hong Kong

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The problem



Hong Kong frequently has traffic congestion and a shortage of parking spaces. These make its economy inefficient, reduce its quality of life, and add to air pollution.¹ This congestion is mainly due to the 72% increase of licensed private cars in the 20 years to 2023. Motorcycles have also increased but they use less road space and requires less space for parking. There

¹ These issues are described in more detail in our paper on parking: Improving the management of Hong Kong's parking spaces

has been relatively little change in the volume of other vehicles. During the same period the total public road length has increased only by 16%.

The reliance on private cars has been a result of several socio-economic effects over the past few decades –

- Rising wealth due to economic growth and increased disposable income.
- Stable vehicle prices and no increases in First Registration Tax or Annual Registration Tax, making ownership of cars relatively cheaper over the years.
- Relatively stable parking charges.
- Aspiration for increased personal space (also reflected in lowered load factors in Public Transport).
- Lower marginal cost of ownership (once a private car is purchased, vehicle operating cost per kilometre is relatively low).
- Subsidies and waivers for private electric vehicles.
- Availability of cheaper cars manufactured in Mainland China.

This paper suggests how better regulation and greater use of Ride-hailing taxis and cars can make Hong Kong a more liveable, efficient city with reduced private car ownership, traffic congestion and parking shortages.

Section A: Context: Current Taxi, Private Hire Cars and Ride-hailing Services in Hong Kong

This paper proposes governance improvements which enable Taxis plus Ride-hailing cars to provide a more efficient transport system and reduce the use of private cars. The assumption here is that with well-organised ride-hailing services, car ownership and usage will be discouraged.

The benefits include:

- Less demand for, and hence improved availability of, car parking spaces.
- Reduced traffic congestion, given fewer cars stopping curb side or cruising while waiting to pick-up passengers.
- More people choosing to use Ride-hailing rather than own a Private Car will save them money and reduce the cost to the Hong Kong economy from importing cars.

Currently Hong Kong has 1,500 Licensed Hire Cars and 18,163 Taxis and an unknown number of Ride-hailing cars operating for Uber and other companies. Until recently ride-hailing was considered quasi-illegal and no official statistics are available. It is estimated that 46,000 people are licensed to drive Taxis. Many of Taxi drivers also drive for various Ride-hailing companies.

Context: Licensed Private Hire carsⁱ

Up to 1,500 private hire-car licences are issued by the Government for cars used by hotels, tour operators and private hire operators.ⁱⁱ Any private car, without a hire-car license, operating for paid services is considered to be committing an offence and Transport Department's website has advice to the public on how to protect themselves from being taken for a ride in an unlicensed car.

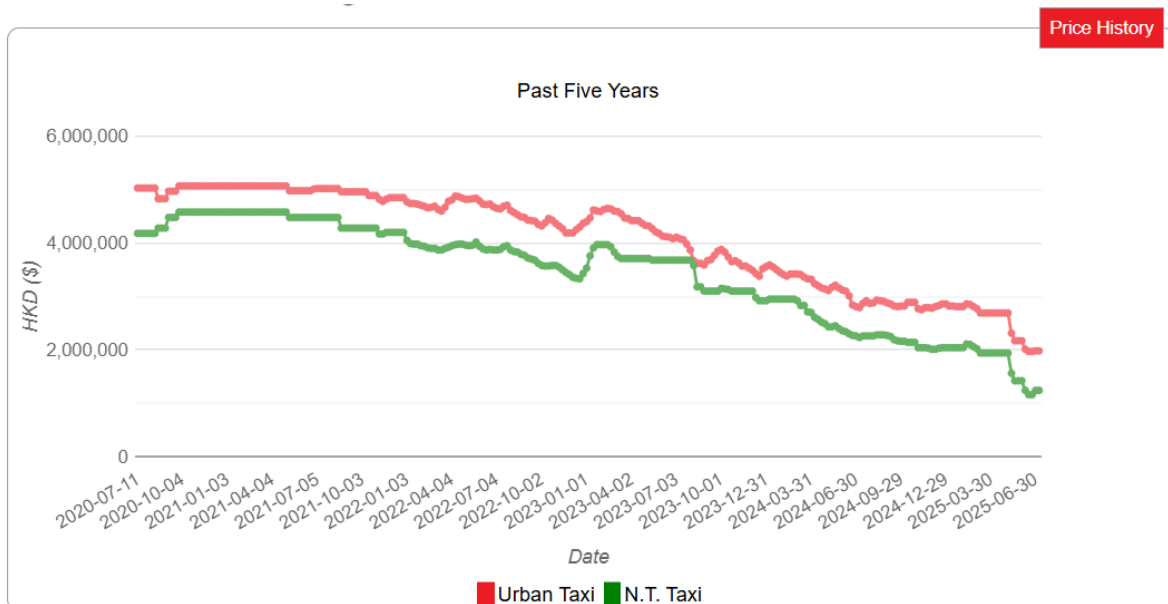
Private cars without a valid hire car permit that are used to carry passengers for hire or reward may be penalised a fine of \$10,000 for a first offence, increasing to \$45,000- and one-year imprisonment for a subsequent conviction.

Ride-hailing companies, however, have been operating in Hong Kong without these hire car licenses since the debut of Uber in 2014. This is a legal grey area and some enforcement action has indeed taken place in the past. However, the services remain popular and perhaps profitable. The regulators have turned a blind eye to this issue. Other ride-hailing operators have also entered the market, such as Didi in 2018 and Tada in 2024.

Recently Government has indicated the intention to widen the regulatory remit to cover the ride-hailing services. As expected, there is opposition from existing Taxi operators.

Context: Licensed Taxis

Most taxi licences were sold by auction between 1964 and 1994. Since 1994 the only additional taxi licenses was 25 for Lantau in 2016ⁱⁱⁱ The licenses have indefinite life and can easily be traded and resold. This graph shows the value at which licenses have been traded over the last five years. For more information, see^{iv}:



While the market prices of licenses have reduced, they are still about \$2,000,000 for Urban and \$1,250,000 for NT Taxis.

We understand many licences are held by non-drivers as an investment and vehicles are rented out to the drivers^v. Anecdotally, a driver may pay around \$1,000 a day to rent a licensed Taxi. He/she normally needs to work long hours to cover this expense in addition to the fuel cost and to earn a living. Most of them deployed minimal technology driven solutions until recently, deriving frequent complaints from the citizens.

We are not certain why the Government has not significantly increased the number of licenses since 1994. We understand it is partly due to concern that this would increase traffic congestion. Incumbent owners of licences may also be lobbying against issuing more licenses as this may erode the price at which they can sell or rent out their licenses.

Taxis can be engaged by either flagging them down on the street or using Taxi-hailing app. A 2024 survey by 'MoneySmart' lists nine Taxi-Hailing apps including 'HK Taxi' (see next page). The others are FlyTaxi, God Taxi, Pro Taxi and DiDi Chuxing, eTaxi, OneTaxi, SynCab and Uber Taxi.^{vi}

These apps make it easier for the public to get a Taxi which meets their needs. They also improve the efficiency of Taxis by enabling them to drive to where a customer is rather than cruising the streets. Part of their attraction is offering discounts on metered Taxi fares or offering fixed fares, both of which are deemed as contravention to the conditions of the taxi license.

The Government has been studying ways to upgrade taxi services for some time. In 2024 it announced a plan to introduce 'Premium Taxis'; and, in March 2025, held a launch event for five new premium Taxi fleets under brands Joie, SynCab, Amigo, Big Boss and Big Bee. This plan includes:

- Eventually 3,500 cars of the current 18,000 taxis licenses will be for operating Premium taxis. They Premium taxis have better cars, multiple payment options, safety devices and driver monitoring systems.
- The new services will each have their own booking App, offer different means of payment, Wi-Fi and safety monitoring. They will also have car colour schemes which show which fleet they belong to.

Initial press comment on to these Premium has been unfavourable: In particular:

- It is cumbersome for someone wanting a ride to have to use one App per provider to try and book a car.
- The number of cars in operation seems to be small leaving many people unable to book one.

Context: Ride-hailing companies managing cars other than Taxis

Uber has been providing Ride-hailing services using Private Cars in Hong Kong since 2014. It acquired **HK Taxi** in 2021 and discontinued its operations in February 2025, converting all drivers on HK Taxi platform to Uber drivers^{vii}.

Uber's 2024 paper to Legco argues that it provides gig (i.e.: casual work) opportunities for many drivers, having a positive economic impact of HK\$300 million per month.^{viii} In 2021, it was reported that 216,000 drivers were signed-up to drive for it.^{ix}

The July 2024 Legco consideration of Ride-hailing companies led to considerable press coverage. See End Notes^x:

Other companies offering, or planning to offer, ride-hailing using private cars include:

- Beijing-based **Didi Chuxing**;
- **AMAP** operated by Alibaba Group; and,
- Singapore-based **TADA**^{xi} launched in Hong Kong in December 2024

These companies are serious players in the Ride-hailing landscape. For example, Didi reports 36,000 registered Taxi drivers on their platform in Hong Kong.^{xii} It offers cross-border car services between Hong Kong, Shenzhen, Dongguan, Huizhou and Zhuhai, making it an attractive service for cross-border tourists.^{xiii}

While these Ride-hailing services are popular with the public, the following issues cause concern:

- The services are not covered by the driver and car safety regulations which apply to Taxis and Private Hire Cars.
- There is no mechanism for preventing traffic congestion caused by an excessive number of Ride-hailing cars cruising or parked curb side while waiting for passengers.

The Government plans to address this problem by asking Legislative Council to approve new regulations for Ride-hailing services. Recently, Government has announced a timetable to table this in Legislative Council.

Context: Learning from other cities

Notes from studying other cities. (See **Attachment** starting page 13.)

Ride-hailing platforms with licensing systems, permits, and insurance requirements.

- Beijing's Ride-hailing services have developed anti-fatigue measures, such as a guideline which stipulates that Ride-hailing platforms must send push notifications to their workers to remind them to take a break if they have been working longer than the maximum hours agreed between the employer, labour union and employees. Drivers are required to go offline for 20 minutes once their service session has reached 4 hours. ^{xiv}
- Dubai has implemented a centralised Regulatory Management System which utilises live data and AI to monitor and track the performance and its drivers and its cars. It has a single app which assigns customer requests to Ride-hailing cars.

A key feature of Dubai's system is its Road Transport Authority requiring all vehicles which may carry passengers to have an In Vehicle Device (IVD) which provides detailed information directly to its own computer which carries assigns people hailing rides to taxis and, also carries out many traffic monitoring functions.

We see Dubai's system as very sophisticated and dependant on technology which those operating passenger carrying vehicles must ensure operates. We believe Hong Kong will have a more robust system if it works in partnership with Ride-hailing companies who are motivated to get good data from their vehicles and can discipline drivers whose cars do not provide it.

- New York requires drivers operating for Ride-hailing apps to obtain the same driving license as Taxi drivers.
- Singapore places Ride-hailing services and traditional Taxi services under its Point to Point (P2P) Regulatory Framework, requiring the same standards for driving safety and price transparency. ^{xv} It currently has seven ride-hailing companies: Trans-Cab, Geolah, Ryde, Tada, Gojek and Zig^{xvi} It does not have a cap on individual licenses and, instead, relies on the market demand to determine the supply.

Self-driving cars:

- San Francisco and Wuhan are leading the use of autonomous Ride-hailing cars.
 - Wuhan's pilot has more than 400 self-driving cars. **(See Appendix 1 pg. 19)**
 - Self-Driving Taxis are operating in San Francisco. **(See Appendix 1 pg. 17)**
- Tesla has suggested that in the future, owners of self-driving private cars will be able to permit Ride-hailing companies to use them when they not needed. The low utilisation of many private cars in Hong Kong coupled with Hong Kong's shortage of parking spaces makes it an economically attractive market for this technology once proven.

Section B Regulation of Taxis and Ride-hailing services

Objectives when regulating Taxis and Ride-hailing cars

We recommend a regulatory framework to create a market in which Taxis and Ride-hailing vehicles contribute to meeting Hong Kong's mobility needs while they:

1. Operate safely.
2. Avoid unnecessary congestion.
3. Enable intermodal travel.
4. Provide good service at lowest fair cost.
5. Employ drivers on fair terms.
6. Making a fair contribution Government revenue.

Context and enabling regulations

Taxis and Ride-hailing services must be considered together as they meet similar travel needs and many Taxis operate for Uber or other Ride-hailing companies for some of their rides. There are also private cars offering illegal hiring services, specially at the airport and other major nodes. These are taking advantage of the grey area of ride-hailing space. With a good regulation such services could be banished with proper enforcement.

A. Licensing Ride-hailing:

To enable good management of transport all Ride-hailing, including that provided by Taxis, must be booked and managed by a government licensed 'Ride-hailing' company.

Transport Department should license an appropriate number of these 'Ride-hailing' companies so competition between them provides high-quality, low-cost service. When deciding which companies to licence and the length of the licence, it considers:

- An assessment of the likely quality of their fleet management.
- Having sufficient independent companies for competition between them to drive quality, low-cost service.
- Arrangements for Transport Department work with Ride-hailing companies such as sharing of travel data.

B. Duration of licenses:

The Government's power to change Taxi regulations is limited by Taxis licenses having an indefinite validity. All future Taxi licenses and Ride-hailing company licences should be for a limited period, say 6 years. This includes licenses for the Premium Taxi currently being introduced.

Further, as detailed under objective 2 below, the Ride-hailing company's license should come with Permits stating the maximum number of cars it can have on the road at any one time. These permits should be arranged so the Government can adjust this number every, say, two years,

Issuing licenses for a limited period allows the Government to modify regulations for changing circumstances without buying out existing license holders.

While the license has a limited life the government should note the presumption that, if the company provides operates satisfactorily, its license will be renewed subject to changes to improve the management of Ride Hailing.

C. Division between matters covered by government regulation and ones handled by Ride-hailing company policies.

It is preferable for government licenses to cover key issues while company policies cover details.

The policies of different companies should use consistent definitions and terminology so the public can easily compare services offered. To enable this we suggest the Government convenes current and potential Ride-hailing companies to agree a glossary and template for these policies on matters such as:

- The number of passengers and amount of luggage each car model can safely carry.
- Size limits on wheelchairs which can be carried.
- Rules on carrying pets.
- Format for pre-ride quotations and post ride invoices.
- How customer complaints and other problems are handled.

Licenses for Ride-hailing companies should require compliance with this glossary and template.

D. Data Transport Department needs to monitor and regulate Ride-hailing.

Transport Department needs to:

- Work with Ride-hailing companies to avoid excessive Ride-hailing cars cruising while waiting for riders causing congestion.
- Statistics to be kept on operational issues so systemic problems can be understood and corrected.
- Where necessary, data can be provided to police investigating incidents.

The License for each Ride-hailing company should therefore require it provide Transport Department with the following in real-time:

- Information on cars and drivers signed up to work for it. This includes data from required safety checks on both cars and drivers.
- Real-time data on cars and drivers operating for the company, including whether these cars are on-hire, cruising empty or parked. Note:
 - The details of the customers using the Ride-hailing company will be personal to them and must therefore need to be anonymised.
 - Operational detail will be commercially sensitive for the Ride-hailing company and so must be converted to Meta-data needed by Transport Department to regulate to prevent excess cars cruising while they wait for customers.

Note: This is information which a Ride-hailing company's computer must have in order to operate. Requesting it does not, therefore, require any additional data generation or collection.

Recommended regulations

Objective 1: Operate safely

Hong Kong has a proven system for regulating the safety of Taxis and Taxi drivers.

Currently, however:

- Anyone with a private car driving license and any car taxed to drive on the road can operate as part of a Ride-hailing service.
- Many Ride-hailing cars are provided by owners who drive part-time and let others drive their car for hire at other times.
- Some owner-drivers take orders from more than one Ride-hailing company.
- Companies managing Ride-hailing services have no clear responsibility for the safety of the cars and drivers they allocate rides

We therefore recommend:

- a. **Ride-hailing cars may only operate for a licensed Ride-hailing company at a given point of time.**

Transport Department regulates the safety of these companies by:

- Approving company policies.
- Carrying-out statistical analysis on data provided by companies
- Requiring the company to conduct an Annual Safety Review and publishing the results which Transport Department should review.

- b. **All cars used for Ride-hailing must be licenced for this purpose and be subject to the same requirements as Taxis.** The only difference being not having a taxi meter and Taxi livery scheme. The checks include:

- Vehicle standards and roadworthiness, including a limit on vehicle age and mileage.
- All cars operating for a Ride-hailing company must comply with the same safety-related regulations as Taxis.

- c. **Any person driving a Ride-hailing car must have a Taxi driving licence. The requirements for these include:**

- Driver training.
- Adequate insurance.
- Driver background checks and assessments, including health check and criminal record check.

- d. **All accidents and incidents are logged so systemic weakness can be identified and corrective action taken.**

Objective 2: Avoiding unnecessary congestion.

Ideally the number of Taxis and Ride-hailing cars on the road to match the demand for their services as:

- A shortage has the public inconvenienced by delays in getting a ride.
- A surplus adds to traffic congestion and pollution. (**NB:** Avoiding having too many taxis on the road has been a reason for the Government not licencing more taxis.)

Ride-hailing companies will, however, be motivated to chase market share by keeping more cars on the road.

It is not, however, in the interest of Ride-hailing services to have excess cars cruising while waiting for passengers provided removing the excess cars cause the company to lose market share.

So, to avoid unnecessary congestion, we recommend each Ride Hailing company's licence limits the number of cars it can put on the road as follows:

1. Stipulating the maximum number of Ride-hailing Taxis and cars it can put on the road at any time. The Government should give itself the ability to vary the maximum number of cars a Ride-hailing company is licensed to put on the road at any given time. It may wish to make adjustments dynamically due to the overall varying demand for services or due to the relative performance of different Ride-hailing companies. We therefore recommend:
 - a. When each Ride-hailing company is first licensed for, say six years, the license includes permits for the maximum number of cars it can have on the road at one time. Say one third of the cars for each of 2, 4 and 6 years.
 - b. Each year the Government should review traffic data to determine the optimum total number of cars permitted. It then deducts the number of existing permits to get the number of new ones it needs to issue. It then decides which Ride-Hailing companies to give them to, based on their performance. This could also be formulated as incentivisation for good performance.
2. Authorising Transport Department restrict the number of cars it has on the road to a percentage of this maximum number of cars per its license. Transport Department exercises this authority by having its regulatory system
 - a. Receive real-time information on cars in operation at any given point of time from all Ride-Hailing companies.
 - b. Combine the information to determine if there is an overall excess and then instruct Ride-hailing companies to limit the number of cars they have on the road to a percentage of the maximum they are licensed for.
3. Regulate that a driver may only drive for one Ride-hailing company on any one day. Details:
 - a. Currently driver may work for multiple Ride-hailing companies. If, however, a Ride-hailing company is told to rest a car as part of reducing traffic congestion its driver might avoid this by switching to work for another Ride-hailing company.
 - b. The suggestion is, therefore, that drivers may work for different Ride-hailing companies on different days but only one on any one day.
 - c. Breaking this rule can be detected by running a programme on Transport Department computer system (See Context and enabling regulations item D)

at the end of each day and issuing fines for transgressions. Context and enabling regulations

Objective 3: Enabling intermodal travel

Travel cost can be saved and environmental impact reduced if people use the MTR or buses for long-distance travel coupled with Taxi/Ride-hailing cars for short-journeys between transport interchanges and their journey's origin or destination.

However, without appropriate policy measures, it will be in the economic interest of Ride-hailing companies to drive people from their origin to their destination. The Government might therefore work with the MTR and Bus companies to develop packages which motivate the public to take Ride-hailing vehicles to/from transport interchanges for their 'last-mile' needs and use train or bus/coach service for long distance.

For example: In 2024 only 18.1% of passengers travelling to or from the airport used the Airport Express^{xvii}. Actions which could be taken to encourage more to use the MTR:

- The MTR might pay an amount to Ride-Hailing companies when Ride-hailing Taxis operating for them deliver passengers to the Airport Express Hong Kong or Kowloon Stations. Further might it organise for these Taxis to directly pick-up passengers from these stations. This is particularly pertinent since MTR has cancelled the feeder bus services serving all major hotels from the airport express stations.
- The government might put a fare-charging barrier, similar to those used for Cross Harbour Tunnels, on the North Lantau highway with fares set to charge Taxis and Private cars but not logistics vehicles.

Similar actions might be taken for other high-volume long-distance routes.

Objective 4: Provide good service at a lowest fair cost:

To provide the public with convenient booking and competitive pricing The Government should licence one or more companies, which is independent of Ride-Hailing companies, operate a '**Quote-getting app**' which would give the user a single window for requesting bids from Ride-hailing companies for their journey requirement. This transparent comparative pricing, to a large extent, will be self-regulatory in nature and most ride-hailing operators will have to offer a competitive pricing to the customers. When a user accepts an offer, the '**Quote-getting app**' would hand the transaction to the app of the chosen Ride-hailing company which would handle the rest of the transaction including meeting the hire car, payment and any complaints.

These '**Quote-getting apps**' make it easy for the public to get competitive quotes. With it in operation and sufficient Ride Hailing companies in operation we believe competition between them will provide good quality service at low cost to the public while earning reasonable reward for their work.

Objective 5 Providing drivers with fair employment

This includes Ride-hailing drivers having reasonable working conditions, hours, rest-days, remuneration, insurance cover and MPF contributions.

Taxi/Ride-hailing car management should link to the management of parking spaces to facilitate the efficient parking of Ride-hailing cars when they are ordered to rest as well as provision of toilets and refreshments, when they are parked. These holding areas could be located in "back-of the-house" areas away from main traffic thoroughfares.

Consideration should also be given to drivers being fairly treated if demand for their services is reduced using autonomous vehicles.

Objective 6 Making a fair contribution Government revenue

License fees paid by Taxis and Ride-hailing companies should make a fair contribution to the costs which the Government incurs in providing roads, managing transport and policing traffic.

Consideration must be given to the following:

1. Charging a fee per car multiplied by the maximum number of cars the Ride-Hailing company is licensed to put on the road at any time. Reasons:
 - (a) Making the fee proportionate to the size of the Ride-hailing company's operation is in-line with user pay principle that Hong Kong professes.
 - (b) Discouraging Ride-hailing companies from asking to be licensed for an excessive number of cars and thus making the Objective 2 regulations for controlling congestion less effective.
2. The Annual License fee paid by the cars and Taxis operating for Ride-hailing companies could also be calculated as an amount per kilometre driven. Reasons for this are:
 - a. This is appropriate for the large number of kilometres these cars are likely to drive each year.
 - b. The fee discourages the cars from cruising while waiting for rides. It is another factor increasing their costs and hence reducing their attractiveness for long-distance rides. (Vis Objective 3.)

Note: For ease of collecting tax based on kilometres driven the tax rate for a vehicle use for Ride-Hailing should have a default high-level which can be reduced on submitting a certificate of actual kilometres driven.

Also to note:

Regarding paying for Government services, the following is an important issue which is outside the scope of this paper.

The Government currently receives substantial tax revenue from:

- a. Excise duty on diesel and petrol.
- b. Private Vehicle First Registration and Annual Licensing Fees.

Both these sources of tax revenue are likely to decline, given:

- a. The transition from diesel or petrol-powered cars to EVs will make it difficult to tax fuel/energy consumption.
- b. A transition from using private cars to Taxi/Ride-hailing cars may significantly reduce the number of private cars and hence First Registration Tax and Annual License Fees.

Attachment: What can Hong Kong learn from other jurisdictions?

Contents: Beijing, Dubai, San Francisco and Wuhan

Beijing – Combining government market-based and self-regulation

Government Regulation

- *Guiding Opinions on the Deepening Reform to Promote Healthy Development of Taxi Industry*
 - legalised the operation of Ride-hailing services and positioned Ride-hailing services as a Taxi service. As a result, Ride-hailing services, drivers and cars need to obtain licenses or permits from the transportation regulatory agencies at the county level ^{xviii}
 - Furthermore, it clarified the role of Ride-hailing companies as a service provider
 - It highlights that the municipal governments have the responsibility to reform the Taxi industry
- *Interim Measures for the Management of Online Ride-hailing Operation and Service*
 - Clarified that (i) online Ride-hailing service companies had to obtain an “Online Taxi Booking Business Permit (ii) the car needs to obtain the “Online Taxi Booking Transport Certificate” and (iii) the driver needs to obtain the Online Booking Driver’s License. This distribution of licenses relies on the meeting the prerequisites from the local government
 - To receive a license, the following criteria must be met: ^{xix}
 - Review the qualification of the drivers and their cars to guarantee safe rides
 - Assessing whether the drivers’ private cars are in good condition and are insured, with these results needing to be reported to the local transportation bureau
 - The threshold for drivers to be considered eligible to provide Ride-hailing services (including driving experience, clean driving record)
 - Establishing the rights and obligations of both parties
 - Other features
 - Also reiterated the requirements for accountability structures and tax regulation ^{xx}
 - Limits the type of service that online Ride-hailing services can provide to solely “non-cruising online Taxi booking” services, whilst traditional Taxis had “cruising” services
 - Ride-hailing platforms must show that they are qualified to operate hire car services in operating areas
 - Need to demonstrate that they have a qualified management, certified hardware system and procedures to ensure cyber security and safety ^{xxi}

Self-Regulation – Didi Chuxing

- Drivers have service credits based on their service in accepting orders, picking up passengers, providing service and passenger’s rating after the service.
- This reputational system would be linked to Didi’s order-assignment system so that drivers with higher credits would be assigned more orders.

- Implemented new safety measures such as in-car video and audio recording function to handle safety concerns.
- Announced anti-fatigue measures in 2019, where Didi drivers are forced to go offline for 20 minutes once their service session has accumulated 4 hours ^{xxii}

Market-based regulation

- Following a violent scandal by one of Didi Chuxing's drivers, Didi's rival (Meituan Dache) upgraded software less than two weeks later to ensure the passengers' security by sending the passengers' itinerary automatically by text message to their emergency contact.

What does Beijing do to restrict the numbers of cars on the road?

- Since the distribution of licenses is reliant on meeting the prerequisites of its local governments, this means that local governments can implement rules accordingly.
- For example, first-tier cities such as Beijing and Shanghai require its drivers to have a local Hukou (i.e.: resident status of a city) to operate Ride-hailing services. Given the difficulties in obtaining a Hukou, this prevents non-local drivers from providing Ride-hailing services.
- Many cities will also require cars of Ride-hailing services to be locally registered. However, because the total number of license plates that are issued is strictly controlled, this helps to control the number of cars that can operate on the road at any given point. This includes cities such as Beijing, Shanghai, Shenzhen, Guangzhou and Hangzhou. ^{xxiii}
- Other cities may be laxer on the eligibility of drivers, but impose strict rules on the car standards, such as a minimum wheelbase and car age. ^{xxiv}

Dubai – Using technology to facilitate a smoother driving experience

Dubai's Road and Transport Authority (RTA) manages transportation in its Dubai with its "Regulatory Management System" (RMS). This receives real-time data from In Vehicle Devices (IVD) fitted to 7,200 Taxis, limousines, commercial buses and delivery bikes ^{xxv}

It also (as of 2024) ^{xxvi} collects data from:

- 311 traffic surveillance cameras
- 227 incident monitoring and vehicle counting devices
- 115 travel time and speed measurement devices

RMS applies AI and predictive analytics to:

- Automatically take bookings from customers and pass them to Taxis.
- Use machine learning, historical and operational data to produce heat-maps which shows demand by area ^{xxvii} enabling allocation of vehicles to meet demand. ^{xxviii}
- Use predictive traffic analysis to optimise traffic signals for expected traffic movements to enhance overall traffic network efficiency. This can also be used to give priority to emergency and VIP vehicles. ^{xxix}
- Recording data on driver behaviour, vehicle parameters using this to evaluate performance. The benefits of this include:
 - Motivating drivers to improve their driving habits
 - Enhancing road safety
 - Reducing car idle time ^{xxx}

- Aggregate journey planning systems, central parking control systems, dynamic navigation systems and multi-modal ITS packages for short-, medium-, and long-term basis journeys ^{xxxi}

San Francisco – Regulating autonomous Ride-hailing cars

Given the novel nature of this technology, under Californian law, permits must be issued by the Department of Motor Vehicles authority to test the operation of Autonomous Cars (AVs) on public streets. These permits also authorise the commercial deployment of automated driving ^{xxxii}

- In December 2019, California’s DMV approved the deployment and testing of autonomous motor trucks and delivery vehicles which weigh less than 10,000 pounds onto California’s public roads. ^{xxxiii, xxxiv}
- As of March 2025, there are seven Autonomous Vehicle Driverless Testing Permit Holders and 30 Autonomous Vehicle (AV) Testing Permit Holders. ^{xxxv, xxxvi}
- While San Francisco does not have any permitting authority over AV Passenger Services, a unanimous policy resolution on AVs was passed by San Francisco’s Board of Supervisors, with San Francisco’s main transportation agencies (SFMTA and SFCTA) providing their input during the policy formation process. ^{xxxvii, xxxviii}

To encourage innovation and promote road safety, the Department of Motor Vehicles (DMV) established the Autonomous Vehicles branch to govern the regulations on autonomous vehicle testing and deployment, such as Article 3.7 Testing of Autonomous Vehicles. ^{xxxix}

Wuhan – Regulating autonomous Ride-hailing vehicles p.2

Like San Francisco, Wuhan is a global leader in setting policies enabling the use of autonomous vehicles. As of October 2024, there are 400 fully driverless vehicles in the city, geo-fenced to an area of over 3,000km² and offering 24-hour testing and demonstration services. ^{xi}

Policies that have enabled the rapid development of autonomous vehicles in Wuhan include:

- 2019: National Intelligent Connected Vehicle Pilot Zone created enabling operation in a 28 km² economic and technological development zone.
- 2024: Intelligent Connected Vehicle Promotion Ordinance. This expanded the operation scope for autonomous vehicles and unmanned delivery vehicles. It included provisions for data collection, safety management, tax benefits and provision of research and development subsidies ^{xli}
- 2025 Regulations on Promoting the Development of Intelligent Connected Vehicles in Wuhan enables development and technological innovation of Intelligent Connected Vehicles (ICV), intensifying infrastructure construction and application of technologies related to ICVs ^{xlii}

Additionally, Wuhan requires AVs to meet stringent criteria before being issued a license to operate. This includes:

- Vigorously testing the autonomous capabilities through third party organisations.
- Review from a joint working group comprised of government officials regulating industry and information technology, transport and public safety. ^{xliii}
- Safety evaluations and road testing. ^{xliv}

END NOTES

ⁱ Regulation of private car hire

Cap374D Road Traffic (Public Services Vehicles) Regulations Part IIA – Taxi Fleet licenses

Part	Section	What does it do?
III – Hire Car Permits	14	Issue or refusal of hire car permits. Hire car permits can be given out for the following types of services: <ul style="list-style-type: none"> - Hotel hire-car service - Tour hire-car service - Airport hire-car service - School hire-car service - Private hire-car service
	19	Power to limit number of permits
	20	Permit fees <ul style="list-style-type: none"> - \$1000 per annum for hire car permits (excluding school hire car service)

ⁱⁱ Future of licensing Ride-hailing services in Hong Kong [LINK](#)

ⁱⁱⁱ Timeline of taxi licencing prices [LINK](#)

^{iv} History of prices of Hong Kong taxi licenses [LINK](#)

^v BBC 13 August 2024 article on Hong Kong Taxis [LINK](#).

^{vi} Available Taxi-hailing services in Hong Kong [LINK](#)

^{vii} Uber absorbs HK Taxi: [LINK](#)

^{viii} Uber's economic value for Hong Kong [LINK](#)

^{ix} Number of registered Uber drivers in 2021 [LINK](#)

^x Press coverage of regulation of Uber and other Ride-hailing companies in Hong Kong [LINK](#)

^{xi} Other Ride-hailing services in Hong Kong [LINK](#)

^{xii} Number of registered taxi drivers on DiDi [LINK](#)

^{xiii} Didi's operations [LINK](#)

^{xiv} Beijing's regulations to prevent over-fatigue in drivers [LINK](#)

^{xv} Singapore's Public Transport Council on Point-to-Point Transport Services: [LINK](#)

^{xvi} Singapore's Ride-hailing companies. [LINK](#)

^{xvii} Incentivising Taxis working for Ride-Hailing companies to drop-off passengers at Hong Kong and Kowloon Airport Express stations. [LINK](#)

^{xviii} How China defines Ride-hailing services [LINK](#)

^{xix} China regulating on managing Ride-hailing services [LINK](#)

^{xx} China's Interim Measures for the Administration of Online Taxi Booking Business Operations and Services [LINK](#)

^{xxi} Ride-hailing platform companies' responsibility to provide online and offline services [LINK](#)

^{xxii} Didi's anti-fatigue measures [LINK](#)

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- xxiii **Restriction of license plates issued to control number of Ride-hailing vehicles** [LINK](#)
- xxiv **China imposing stricter regulations on vehicle standards for Ride-hailing services** [LINK](#)
- xxv **Introduction on Dubai's Regulatory Monitoring System (RMS)** [LINK](#)
- xxvi **Implementation of different technology to facilitate data collection for Dubai's RMS** [LINK](#)
- xxvii **RMS acting as control and dispatch centre for Taxis** [LINK](#)
- xxviii **RMS' demand-responsive approach to vehicle control** [LINK](#)
- xxix **Dubai's RMS and traffic signal system** [LINK](#)
- xxx **RMS incorporating GPS technology to gauge drivers' behaviour and enhance road safety** [LINK](#)
- xxxi **Additional systems within the RMS** [LINK](#)
- xxxii **San Francisco's DMV permit for AVs on public streets** [LINK](#)
- xxxiii **California DMV approving the deployment of autonomous delivery vehicles on public roads** [LINK](#)
- xxxiv **California DMV Order to Adopt**
- xxxv **Autonomous Vehicles Driverless Testing Permit Holders in California** [LINK](#)
- xxxvi **Autonomous Vehicle Testing Permit Holders in California** [LINK](#)
- xxxvii **San Francisco's transportation agencies contributing to the policy formation** [LINK](#)
- xxxviii **San Francisco's AV Policy Resolution** [LINK](#)
- xxxix **San Francisco's AV regulation on vehicle testing** [LINK](#)
- xl **Number of AVs in Wuhan** [LINK](#)
- xli **Wuhan regulating on AVs** [LINK](#)
- xlii **Wuhan regulating on AVs and intensifying infrastructure construction** [LINK](#)
- xliii **Wuhan's licensing criteria for AVs** [LINK](#)
- xliv **Safety requirements for AVs** [LINK](#)

Improving Taxi and Ride-hailing services in Hong Kong

Introductory note on this paper for CEx website

This paper considers Hong Kong, Beijing and Dubai's current use of Ride-hailing. It also reviews Wuhan and San Francisco's pilot use of autonomous vehicles.

Based on these reviews, it recommends how Hong Kong Taxis and Ride-hailing services should be regulated to provide safe, good-quality, reasonably priced service without causing undue congestion or environmental impact. Specifically:

- Ride-hailing drivers must have a Taxi drivers' license, drive cars which have passed the same safety checks as Taxis and only work for a licensed Ride-hailing company.
- Transport Department should license sufficient Ride-hailing companies for competition to drive them to provide good quality service at a reasonable cost. The terms of license should include:
 - a. The safety requirements noted above.
 - b. All vehicles operated for it complying with its license terms.
 - c. The companies to update a database in Transport Department with real-time information on the operation of their cars. This gives Transport Department visibility of all Ride-hailing cars and Taxis on Hong Kong roads. It can then order some to be rested when an excessive number are cruising waiting for customers.
 - d. Enabling intermodal travel to encourage longer-distance travel by MTR or Bus/Coach while Ride-Hailing cars provide a high-quality last-mile service.
 - e. Providing fair employment for drivers.
- To provide the public with convenient booking and competitive pricing the Government should licence one or more companies which is independent of Ride-Hailing companies operate a '**Quote-getting app.**' giving the public a single place for requesting bids from Ride-hailing companies for their journey requirement. When a person accepts an offer, the 'Quote-getting app' hands them to the app of the chosen Ride-hailing company and it handles the rest of the transaction including meeting the hire car, payment and any complaints.
- Licenses for both Ride-hailing companies and 'Quote-getting app' companies should be for a fixed period so Transport Department can revise terms on renewal if this is in the public interest.