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Car-Hire Company Uber Under Fire in Uruguay

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The powerful intrusion in various Latin American countries of the transportation system Uber, a US company, has generated a wave of protests by taxicab owners and placed governments in a difficult bind. Uruguay, for example, was quick to characterize the service as a “pirate activity” but at the same time, warned that impeding it would amount to a violation of labor and free commerce rights.

Uber, of its own accord and backed in some cases by interim legal measures that offer no long-term guarantees, has begun to operate precariously in the region’s principal cities, even at the risk of sparking violent confrontations between drivers who use the service and regular taxi workers, with passengers caught in between.

In Brazil’s Rio de Janeiro and São Paulo, as well as in various European cities, “legal” taxi drivers have blocked roads, highways and airport entrances. In Mexico City, cabbies—convinced that Uber violates their rights but with no other legal recourse available—filed a suit before the Inter-American Commission on Human Rights (IACHR), the region’s top international legal body. In Montevideo, the capital of Uruguay, they have blocked Uber drivers from receiving training courses and even registered the company’s name in the Patent and Trademark office as a way to keep it from operating. And in Bogotá, Colombia, automobiles identified as working with Uber have been followed and targeted. On Feb. 12, some 50 taxi drivers blocked the passage of a vehicle carrying Carmen Santos, the oldest daughter of former Vice President Francisco Santos, holding her virtually captive for more than half an hour.

‘Your private chauffeur’

Uber executives operating in Latin America use the language of the tech world—words like “platform” and “application”—to describe their “Internet-based” business. “We’re not a transportation company, but rather a technology [firm] that functions as an intermediary,” said Soledad Lago Rodríguez, Uber’s spokesperson in Uruguay.

The company does not have its own vehicles, and the drivers it works with are not direct dependents. Each is left to cover his or her own costs: third-party insurance, social security, vehicle registration, fuel, and maintenance. As such, Uber has no fiscal or labor responsibilities, and the drivers are not considered to be employees but rather associates who receive 80% of the revenue generated. Users of the Uber service—which takes its name from the German prefix meaning “above” or “very”—need a credit card, smartphone and mobile Internet. “All anyone in the more than 300 cities where we operate has to do is download the application and enter some personal data. After it’s been downloaded, tabs will appear offering different vehicles to choose from. It’s as easy as that,” Lago Rodríguez told the Uruguayan daily El País.

When a user selects a vehicle, an alert goes out to the driver showing where the person is waiting. Once the trip is arranged, the passenger receives information about the vehicle (model and license plate number), along with the driver’s full name, telephone number, and service rating, as calculated by past users and Uber itself. The driver receives the name of the passenger, along with a photograph and client rating. The driver and passenger can also write comments about each other.
“This option to rate in both directions is what provides security,” said Lago Rodríguez. “If a user or driver repeatedly receives poor ratings, Uber blocks that person from continuing to use the service.”

Uber insists that the vehicles it works with, given that they do not have any kind of identifying markers (no logos or distinctive colors), are not supposed to collect passengers in the street the way regular taxicabs do. After the service has been provided, the client pays for the trip by telephone, using a registered credit card number. Payment cannot be made with debit cards or cash. The “affiliated driver” doesn’t even see the money being exchanged. All of the revenue goes to Uber, which issues the driver his or her share a week later. Lago Rodríguez described the payment method as another security guarantee. “These are all advantages,” she said. “The driver isn’t just a run-of-the-mill cabbie. He is your private chauffeur, like in the movies. He offers you sweets or a soft drink. And you’re the one who chooses the music, or whether to turn the air conditioning on. [The driver] is at your service.”

Unfair advantages
The Uruguayan national government, the Montevideo mayor’s office, the chamber of taxicab owners and the taxi union have all raised serious objections, namely that Uber and its affiliates don’t contribute to the social security treasury; that Uber drivers, by hiding what their automobiles are really used for, avoid the extra registration fees levied on commercial vehicles; that they don’t pay the more expensive insurance premiums required for people who transport passengers; and that by not declaring their true line of work, Uber drivers sidestep the obligatory physical and psychological exams to which professional cabbies are periodically subjected. These are exactly the same complaints being made in Europe and in the other Latin American countries where Uber operates.

In a report compiled at the behest of the Montevideo city government, Martín Rossi, an expert on the Uruguayan Constitution, explained that even if what Uber offers is an agreement between private parties, it still amounts to a public service that ought to be regulated just as regular taxis and buses are. Asked by El País to explain the argument in more detail, Rossi responded with a question of his own: “Is it up to the car owner to decide whether or not to get special insurance?”

Rossi went on to say: “No one can be the auditor of his own company. There needs to be an outside person to determine who abides [by the rules]. If a passenger gets into an Uber vehicle, has an accident, and unfortunately dies, what assurances does the family have that the company will offer legal compensation? What Uber offers is public transportation, and so it needs authorization from the city. If it doesn’t have that, then it’s operating illegally.”

Actions and accusations
Despite the secretive way in which it launched its operations in Uruguay in November 2015, Uber has earned positive reviews from users. Óscar Dourado, president of the association of taxicab owners, claims that to boost its image, the company “bought off” the major media networks and high-profile journalists.

“Uber took over the media,” he told the radio station El Espectador on Nov. 29. “A very well known journalist who is a key opinion shaper told me that [Uber] asked him to write [positive] tweets and that they’d pay him US$800 for each one,” he added. “They offered his wife, who is also a journalist, the same thing.” Dourado claimed that many of the opinion pieces in the daily El Observador and
the weekly Búsqueda, two of the country’s most important papers, were also the result of payoffs. Similar accusations have surfaced in other Latin American countries, though none has been proven.

Another outspoken critic is Montevideo Mayor Daniel Martínez, who referred to Uber and its associates as “pirates” and “criminals.” Besides badmouthing the company/platform/application—which was launched five years ago in San Francisco, California, and according to the British daily The Guardian, was worth US$55 billion last summer—authorities in Uruguay have also made real efforts to stop it.

The Montevideo mayor’s office has issued hefty fines against some Uber drivers and revoked their automobile registrations. The national government ordered the state-run Banco de Seguros (insurance bank) not to cover Uber drivers. The Unidad Reguladora de los Servicios de Comunicaciones (URSEC), Uruguay’s communications regulator, is looking into the possibility of blocking the application. And as a group, the mayors of the country’s 19 departments decided to outlaw the service.

The standoff has gotten so extreme that in its review of the current national budget, which went into effect on Jan. 1, Congress added an item that has come to be known as the “Uber article.” Article 731, as it is officially called, establishes that “entities, be they residents in the country or not, which intervene directly or indirectly in the supply or demand of services related to land transport of passengers involving people who are not duly trained for such activities will be severally bound by tax obligations and applicable sanctions.” All that’s missing is the name of the California company, which lawmakers so obviously had in mind when they penned the article.

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