

Lawsuit forces Uber to stop operating in Colombia

January 10 2020



In this May 10, 2017 file photo, taxi drivers strike to pressure the government to ban the ride-sharing app Uber, in Bogota, Colombia. Uber says on Friday, Jan. 10, 2020 it will stop operating in Colombia following stiff opposition from taxi drivers' unions and a lawsuit that said the ride-sharing app was breaking local transport laws. (AP Photo/Fernando Vergara, File)

Uber said Friday it will stop operating in Colombia following stiff opposition from taxi drivers' unions and a lawsuit that said the ride-sharing app was breaking local transport laws.

In a statement, Uber said it will cease operating in Colombia on Feb. 1, and will comply with a December ruling by Colombia's Superintendency for Industry and Commerce that had ordered the app to shut down.

The company said it will appeal the ruling, which it described as "arbitrary" and in violation of a free trade agreement between Colombia and the United States that protects subsidiaries of American companies.

Uber said it has more than 2 million users in Colombia as well as 88,000 drivers who make some or most of their income through the app. The company faces legal challenges in several other Latin American countries, including Brazil, Mexico and Argentina, but said Colombia is the first country it is forced to withdraw from in the Western Hemisphere. The app was banned from Italy in 2017.

"This is a real setback for Colombia" said Iván Enrique Rodríguez, a 29-year-old Uber driver who works eight to 10 hours each day on the app, transporting customers in Colombia's traffic clogged capital. Rodríguez, who formerly worked as a chef, says he can make around \$1,000 a month as an Uber driver, three times Colombia's minimum wage.

"Ninety-five percent of my income comes from Uber," he said. "So I am quite worried about what happens now."

Taxi drivers have complained that competition from Uber and other platforms is chipping away at their income, and is unfair because Uber drivers do not pay licensing fees to work in Colombia's cities.

But Uber drivers like Rodríguez, argue that the market is large enough to support all kinds of platforms. "Uber has been here six years, and we haven't put taxis out of business," he said.

Uber's decision to leave Colombia takes place after the company lost a lawsuit presented by a taxi company that claimed the app was illegally diverting customers away from the nation's yellow taxis, and supplying public transport without an appropriate license.

While the lawsuit was being reviewed by Colombia's Superintendency for Commerce, taxi drivers' unions lobbied the government of President Iván Duque to stop Uber and similar apps from operating in Colombia and promised they would not join a large wave of anti-government protests that began at the end of November and undermined support for Colombia's conservative president.

In a video posted on Facebook last month following the ruling against Uber, taxi union leader Hugo Ospina said that Duque "kept his word" to taxi drivers, who had thrown their weight behind the embattled president.

"We are now going after Didi, Cabify and Indriver" Ospina said, mentioning some other apps that put customers in contact with freelance drivers. The union leader also said that he would seek a ban on apps that supply electric scooters.

While campaigning for Colombia's presidency last year, Duque had said he would champion the growth of the tech economy. He also visited Silicon Valley in May to promote the country among major tech investors, including Apple and Amazon.

But Uber's forced withdrawal from Colombia is a blow to the nation's credibility in Silicon Valley, said Sergio Guzman, a risk analyst who

works with companies that invest in Colombia.

"There is a big contradiction" Guzman said. "The government says it wants foreign investment, innovation and technology, but the nation's regulatory framework is ossified. And it's reluctant to accept new technologies."

© 2020 The Associated Press. All rights reserved.

Citation: Lawsuit forces Uber to stop operating in Colombia (2020, January 10) retrieved 17 April 2024 from <https://techxplore.com/news/2020-01-uber-colombia.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.