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Suzhou to scrap taxi franchise fees

Amid outcries for reform of the taxi market, a tourist destination in Eastern China's Jiangsu province plans to abolish the monthly franchise fees charged to taxi drivers starting from March 1.

The new policy in Suzhou city, located on the lower reaches of Yangtze River and known for its stone bridges and meticulously designed gardens, means each taxi driver will be freed from at least 1,000 yuan (\$150) a month.

The change will affect 9,018 taxis in Suzhou, including 500 electronic cars and thousands of cabs in some regions that already benefit from the new policy. Some 40 million yuan will be returned to taxi companies or other operators.

China's taxi management companies have to pay local traffic authorities for the right to operate their businesses. The cost is actually paid by the taxi drivers and deducted from their monthly income.

The taxi industry is struggling and drivers are upset by growing competition from ride-hailing apps backed by Alibaba and Tencent. Drivers have been demanding a reduction in rental contract fees that cut into their profit.