

6 July 2018

Frequently Asked Questions for the Issuance of the Proposed Infringement Decision against Grab and Uber

1. Maintenance of pre-Transaction pricing algorithm – does the remedy cover rider discounts and driver incentives? If not, why not?

The proposed remedy on the maintenance of Grab's pre-Transaction pricing algorithm seeks to protect riders from increase in base fare and surge factors, which will entail Grab not being allowed to increase these elements from the pre-Transaction level. This does not cover rider discounts and driver incentives.

We understand the concern that the rider discounts and driver incentives provided by Grab have been significantly reduced after the Transaction. However, we also note that there are opinions that the pre-Transaction discounts, incentives and promotions may not be sustainable.

We thus propose to use other measures to promote an open and contestable market where new entrants compete with Grab to let the market determine what level of discounts, incentives and promotions is sustainable. To achieve this, CCCS has proposed a separate set of measures to remove Grab's exclusivity arrangements with drivers, taxis and car rental partners to facilitate new entry.

2. How does removing exclusivity clauses help?

Potential new entrants have provided feedback that the removal of exclusivities (whether existing or planned) is an important factor for them to consider in deciding whether to enter the Singapore market. This is because the removal of exclusivities will allow potential competitors access to an adequate number of cars and drivers in order to compete effectively. With new entry to make the market contestable, there will be more choices for both riders and drivers.

3. How does access to Lion City Rentals' vehicles and drivers help potential competitors and benefit riders and drivers?

Potential new entrants have provided feedback that they would have difficulty entering and competing in the Singapore market if Grab is able to further expand its network of vehicles and drivers through the acquisition of Lion City Rentals' assets and drivers. They have also fed back that access to an adequate number of cars and drivers is required for them to compete effectively. CCCS's proposed direction addresses these concerns to facilitate new entry and in turn provide more choices for both riders and drivers.

Further, CCCS's proposed directions in relation to Lion City Rentals also seek to balance the interest of different stakeholders, i.e., Uber is not required to sell Lion City Rentals or its assets, unless a reasonable offer is made by a potential competitor while Grab may purchase Lion City Rentals or its assets if it obtains CCCS's prior approval.