



## MEDIA RELEASE

13 April 2018

### Uber/Grab merger: CCCS Issues Interim Measures Directions

The Competition and Consumer Commission of Singapore (“CCCS”) has today issued Interim Measures Directions (“IMD”) to Grab<sup>1</sup> and Uber<sup>2</sup> (collectively, the “Parties”) which will help ensure that the market remains open and contestable. This follows from CCCS’s concerns arising from Grab’s announcement on 26 March 2018 that it has acquired Uber’s Southeast Asian business, with Uber acquiring a 27.5 per cent stake in Grab (the “Transaction”), feedback from third-parties and the review of the Parties’ written representations<sup>3</sup> in response to CCCS’s proposed IMD issued on 30 March 2018.<sup>4</sup>

2. The IMD takes effect immediately from today and shall have effect until the completion of CCCS’s investigation and/or resolution of any competition concerns that may arise from the Transaction or unless otherwise varied or revoked by CCCS due to material changes in market conditions.

#### Measures to keep the market open and contestable

3. The key measures in the IMD require the following<sup>5</sup>: removal of exclusivity obligations on drivers, prevention of Uber’s operational data from being used by Grab to enhance its market position, preserving pre-Transaction pricing and commission levels, and ensuring drivers and riders are free to choose their preferred platform. The IMD prevents action by the Parties that may prejudice the giving of any subsequent direction by CCCS in any manner after reviewing the merger.

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<sup>1</sup> “Grab” refers to Grab Inc., and its subsidiaries and any other related entities including but not limited to GrabCar Pte. Ltd., GrabTaxi Holdings Pte. Ltd., GrabTaxi Pte. Ltd., Grab Rentals Pte. Ltd. and Grab Rentals 2 Pte. Ltd.

<sup>2</sup> “Uber” refers to Uber Technologies, Inc., and its subsidiaries and any other related entities including but not limited to Uber Singapore Technology Pte. Ltd., Lion City Holdings Pte. Ltd., Lion City Rentals Pte. Ltd., Lion City Automobiles Pte. Ltd., and LCRF Pte. Ltd..

<sup>3</sup> These were submitted on 4 and 6 April 2018

<sup>4</sup> The proposed IMD was brought to the notice of, *inter alia*, Grab Holdings Inc., Grab Inc., GrabCar Pte. Ltd., and Uber Singapore Technology Pte. Ltd., following CCCS’s commencement of investigation on 27 March 2018 into the un-notified merger transaction between Uber and Grab (and/or their relevant subsidiaries and related companies).

<sup>5</sup> There are other directions which, due to market confidentiality, cannot be published.

4. The key measures are as follows:

- a) Grab shall ensure that new drivers entering into an agreement to drive on Grab's platform of their own accord are not subject to any exclusivity obligations, lock-in periods and/or termination fees. Grab shall ensure these drivers are not penalised, directly or indirectly, as a result.
- b) The Parties shall ensure that drivers who rent a vehicle from Lion City Rental<sup>6</sup> ("LCR") are free to drive for any ride-hailing platform and shall not be subject to any impediments (e.g. higher rental rates and/or lack of insurance coverage) that limit their ability to drive for any ride-hailing platform. This shall be clearly communicated through an email to these drivers.
- c) Grab shall cease its exclusivity arrangements with all taxi fleets in Singapore, provided that (a) there are no exclusivity arrangements in Singapore between any taxi fleets and any third-party ride-hailing platform other than Grab, and (b) that all taxi operators permit their respective taxi drivers to drive for any third-party ride-hailing platform for metered and fixed fare jobs.
- d) Grab shall not take over operational data (e.g. historical trip data) from Uber to enhance its market position. Grab may however receive personal data of drivers, riders and merchants (e.g. names, contact details, and supporting documents for vocation licence applications) who have expressly opted in and moved to the Grab platform.
- e) Each Party shall maintain their pre-Transaction pricing and product options for riders and drivers, including the levels of base fares, surge factor and driver commission rates.
- f) The Parties shall clearly communicate through an email to drivers and riders in Singapore who were on the Uber platform that migration to the Grab platform is purely optional (i.e. drivers and riders have a choice whether to migrate to Grab and are not required to download or use Grab's ride-hailing platform).
- g) An independent monitoring trustee shall be appointed to monitor the compliance of the IMD.

5. To allow a smoother transition time for riders and drivers, the Uber ride-hailing platform will continue to be available in Singapore and terminate on 7 May 2018, with necessary customer support to handle contractual and payment issues.

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<sup>6</sup> LCR is a car rental company that is owned by Uber.

## Brief Grounds for IMD<sup>7</sup>

6. CCCS is of the view that the IMD is necessary to address the following concerns:

- a) The Parties are each other's closest competitors and have a significant combined market share.<sup>8</sup> Their close rivalry can be seen from the surge in Uber's fares following the recent outages of Grab's app.<sup>9</sup>
- b) Barriers to entry are likely to be high due to strong network effects (i.e. the larger the number of drivers that are available on a ride-hailing platform, the larger the number of riders will be attracted to use that platform, and vice versa). In particular, many drivers are constrained by exclusivity arrangements such that they can only drive for one ride-hailing platform. This makes it difficult for a new ride-hailing platform to attract drivers. Further, a new entrant would likely have to invest a significant amount of upfront capital in order to attract drivers and riders to move over from the incumbent ride-hailing platform, so as to build up a critical mass of users. The new entrant would likely have to continue sustained investment in order to compete with the incumbent ride-hailing platform.
- c) After the Transaction was completed on 25 March 2018, Uber and Grab have begun transferring assets (e.g. historical trip data) immediately. Consequently, the IMD is necessary to prevent further transfers and preserve CCCS's ability to make appropriate directions if CCCS makes a finding of infringement at the end of CCCS's investigations to remedy, mitigate or eliminate any adverse effects of such infringement.

## Next Steps

7. CCCS's investigation into the Transaction is on-going. CCCS will be contacting all relevant parties to obtain necessary information.

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<sup>7</sup> The public version of the detailed grounds of decision of the IMD will be made available on CCCS's website at a later date.

<sup>8</sup> The market share by the size of the vehicle fleets of the Parties is significantly above the indicative threshold of 40% stipulated under the *CCCS Guidelines on the Substantive Assessment of Mergers 2016*.

<sup>9</sup> [Uber fares surge following Grab App outage](#), ChannelNewsAsia, 3 April 2018, [Grab App down for second time in a week](#), ChannelNewsAsia, 6 April 2018.

## **About the Section 54 Prohibition under the Competition Act & Merger Procedures**

Section 54 of the Act prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition in Singapore.

CCCS is generally of the view that competition concerns are unlikely to arise in a merger situation unless:

- The merged entity has/will have a market share of 40% or more; or
- The merged entity has/will have a market share of between 20% to 40% and the post-merger combined market share of the three largest firms is 70% or more.

Merging entities are not required to notify CCCS of their merger but they should conduct a self-assessment to ascertain if a notification to CCCS is necessary. If they are concerned that the merger has infringed, or is likely to infringe, the Act, they should notify their merger to CCCS. In such cases, CCCS will assess the effect of the merger on competition and decide if the merger has resulted, or is likely to result, in a substantial lessening of competition (“**SLC**”) in Singapore.

Separately, CCCS has the ability to conduct an investigation into an un-notified merger if there are reasonable grounds for suspecting that the merger infringes section 54 of the Act. In the event CCCS finds that a merger situation has resulted or is expected to result in an SLC, CCCS has powers to give directions to remedy the SLC. For example, CCCS can require the merger to be unwound or modified to address or prevent the SLC, as the case may be. CCCS may also consider issuing interim measures prior to the final determination of the investigation.

For more information, please visit [www.cccs.gov.sg](http://www.cccs.gov.sg)

## **Enforcement of IMD**

Under Section 85 of the Act, the IMD can be registered with the District Court in order to enforce and secure compliance with the IMD through the District Court. A breach of the IMD after registration and the securing of an enforcement order from the District Court would amount to an act of contempt that constitutes an offence.

## **About The Competition and Consumer Commission of Singapore**

The Competition and Consumer Commission of Singapore (“CCCS”) is a statutory board of the Ministry of Trade and Industry. CCCS administers and enforces the Competition Act (Cap. 50B) which empowers CCCS to investigate and adjudicate anti-

competitive activities, issue directions to stop and/or prevent anti-competitive activities and impose financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act (Cap. 52A) or CPFTA which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for business and consumers in Singapore.

For more information, please visit [www.cccs.gov.sg](http://www.cccs.gov.sg)

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