



Singapore Merger Regime and Case Study

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Singapore's Merger Regime

- Section 54 of the Competition Act (Cap. 50B) (“Act”) prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore for goods or services.
- Exclusions under Third and Fourth Schedules of the Competition Act, Net Economic Efficiencies
- Application to Minister (T&I) for exemption under public interest considerations

Notification of Mergers to the Competition and Consumer Commission of Singapore (“CCCS”)

- Singapore has a non-mandatory merger notification regime, emphasis on self assessment
- Market share-based indicative thresholds. CCCS unlikely to investigate if:
 - » Merged entity has market share of less 40%; or
 - » Merged entity has market share of 20-40% and post-merger CR3 less than 70%.
- Different types of merger advice:
 - » Confidential Advice
 - » Pre-Notification Discussion (PND)
 - » Phase I merger review
 - » Phase II merger review

Grab-Uber merger investigation in Singapore

- Infringement of section 54 of the Competition Act (Cap. 50B)(“Act”) in relation to the sale of Uber’s Southeast Asian business to Grab for a 27.5% stake in Grab in return (“Transaction”).
- Uber did not sell its App technologies and algorithm
- Grab on-boarded Uber drivers.

Interim Measures Directions

Key IMD terms:

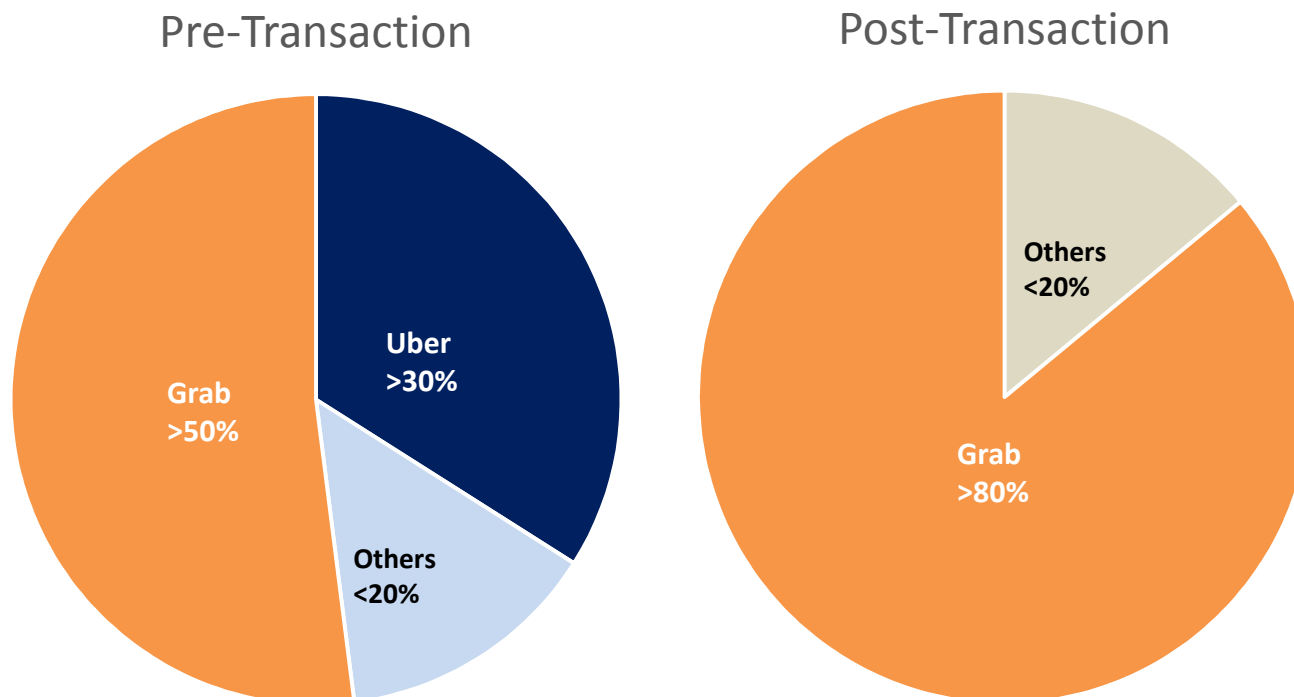
- » Maintenance of Grab's pre-Transaction pricing algorithm and product options.
- » No exclusivity obligations, lock-in periods and termination fees for new drivers joining Grab post-Transaction.
- » LCR drivers allowed to drive for any ride-hailing platform.
- » Removal of any impediments on the acquirers to whom Lion City Rentals (or its vehicles) could be sold, allowing potential players to engage in talks with Lion City Rentals to purchase vehicles.

Objective/outcome:

- » Protect drivers and riders.
- » Increase contestability and facilitate new entry.

CCCS Findings

Removal of Grab's closest competitor through Transaction



Market share figures:

- Include booked taxi and chauffeured private hire car rides
- Exclude street-hailed taxi rides

CCCS Findings

Grab could increase prices after removing its closest competitor through Transaction

Effective fares increased between 10-15% post-Transaction.
Grab announced changes to GrabReward Scheme in July 2018.
CCCS received numerous complaints from drivers and riders.



CCCS Findings

Potential competitors are hampered by exclusivities and cannot scale to compete effectively against Grab

New players' market shares remain insignificant.

	Grab	Uber	Merged Entity	CDG	All other players
Apr	60-70%	10-20%	80-90%	10-20%	0-5%
May	70-80%	0-10%	80-90%	10-20%	0-5%
Jun	80-90%	0%	80-90%	10-20%	0-5%

Grab's exclusivities hamper access to drivers and vehicles necessary for potential competitors to expand.

New entrants and potential new entrants have provided feedback that without CCCS's intervention to level the playing field, it is difficult to compete effectively against Grab.



Directions/Remedies

Proportionate and flexible

- No exclusivities with drivers, vehicles or rental companies
- Maintenance of pre-merger pricing algorithm
- Divestment of vehicles at reasonable price
- Triggers and application mechanisms for lifting directions

Penalties imposed

Total Penalties: S\$13,001,702

- CCCS imposed financial penalties on Grab and Uber to deter completed, irreversible mergers that harm competition.
- Quantum of financial penalties

Party	Financial Penalties
Uber	S\$6,582,055
Grab	S\$6,419,647
Total	S\$13,001,702

