



## MEDIA RELEASE

19 February 2018

### **CCS Proceeds to an In-Depth Assessment of the Strategic Alliance between ComfortDelGro Corporation Limited and Uber Technologies, Inc. and the Proposed Acquisition of Lion City Holdings Pte. Ltd.**

#### **Background**

The Competition Commission of Singapore (“**CCS**”) received notifications from ComfortDelGro Corporation Limited (“**CDG**”), Lion City Holdings Pte. Ltd. (“**Lion**”) and Uber Technologies, Inc. (“**Uber**”) (collectively, the “**Parties**”) on 11 December 2017 in relation to the following:

- a. Whether a strategic alliance pursuant to a Commercial Collaboration Agreement between CDG and Uber (the “**Proposed Collaboration**”) would infringe the section 34 prohibition of the Competition Act (Cap. 50B) (“**the Act**”) against anti-competitive agreements and the section 47 prohibition of the Act against an abuse of a dominant position; and
- b. Whether the proposed acquisition by CDG of 51% of the existing issued and paid up shares of Lion from Uber (the “**Proposed Acquisition**”) would infringe the section 54 prohibition of the Act against anti-competitive mergers.

#### **Issues affecting competition with regard to the Proposed Collaboration and the Proposed Acquisition**

2. CCS has informed the Parties today that it has concluded an initial review of the Proposed Collaboration and the Phase 1 review of the Proposed Acquisition<sup>1</sup>. CCS

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<sup>1</sup> As a matter of administrative practice, CCS adopts a two-phase approach in evaluating merger notifications. A Phase 1 review entails a quick assessment (around 30 working days) and allows CCS to give a favourable decision with regard to merger notifications that clearly do not raise any competition concerns under the Act. A Phase 2 review (around 120 working days) is initiated when CCS is unable to conclusively determine that no competition concerns will arise from the notification at the end of the Phase 1 review. It does not necessarily mean that the merger is anticompetitive and will be blocked. Rather, it means the merger is complex and CCS requires a longer assessment period.

is unable to conclusively determine that competition issues will not arise, and has identified the following issues, that may affect competition within the relevant markets in relation to both the Proposed Collaboration and Proposed Acquisition, that require further in-depth assessment:

- a. whether the uberFLASH<sup>2</sup> service involves any coordination of pricing between competitors;
- b. whether flat-fare service offered by CDG pre-collaboration with “no surge pricing” will continue to be available for commuters;
- c. whether taxi and chauffeured private hire car (“CPHC”) drivers<sup>3</sup> are able to take jobs from multiple ride-hailing platforms<sup>4</sup> if they wish to;
- d. whether the variety of payment options for commuters will be reduced;
- e. whether the ability of certain players to enter into related businesses such as food delivery services<sup>5</sup> will be affected;
- f. whether the availability of non-app ride-hailing options, including street-hail and phone booking, will be affected;
- g. whether there will be a substantial lessening of competition in the industry, given the various contractual and shareholding relationships between players, as well as potential consolidation in the industry;
- h. whether competition will be reduced in the CPHC and taxi rental market;
- i. whether the competitive dynamics of the CPHC and taxi rental market affects competition in the booking and passenger ride services markets; and
- j. whether the Proposed Collaboration and the Proposed Acquisition will bring about economic efficiencies such as shorter waiting times for commuters and more job opportunities for drivers.

### **Further Submissions/Phase 2 Review Required**

3. To proceed with assessing the Parties’ notification of the Proposed Collaboration, CCS has requested the Parties to submit further information as set out in Form 2 of the *CCS Guidelines on Filing Notifications for Guidance or Decision with*

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<sup>2</sup> uberFLASH is a service which connects either a participating taxi driver or a participating CPHC driver to a user of the mobile application, with prices determined by Uber’s proprietary dynamic pricing algorithm.

<sup>3</sup> CPHC drivers refers to drivers providing point-to-point chauffeured services via CPHCs.

<sup>4</sup> Refers to ride-hailing platforms in Singapore such as ComfortDelGro, Uber, Grab and Ryde mobile applications.

<sup>5</sup> Uber is active in the peer-to-peer meal delivery services market via UberEATS.

*respect to the Section 34 Prohibition and Section 47 Prohibition 2016* by **5 March 2018**, unless they are able to address the competition issues identified. Following the Parties' submission of Form 2, CCS will proceed to an in-depth assessment which includes inviting public feedback and views, and determining whether the Proposed Collaboration will infringe the sections 34 and/or 47 prohibitions against anti-competitive agreements and abuse of a dominant position respectively.

4. To proceed with assessing the Parties' notification of the Proposed Acquisition, CCS has requested the Parties to submit further information as set out in Form M2 in the *CCS Guidelines on Merger Procedures 2012* by **5 March 2018**, unless they are able to address the competition issues identified. Following the Parties' submission of Form M2, CCS will assess whether the Proposed Acquisition will infringe the section 54 prohibition against anti-competitive mergers.

5. Under the *CCS Guidelines on Merger Procedures 2012*, a Phase 2 merger review can take up to 120 working days from the date on which Form M2 is filed. CCS will issue a decision on or before the terminal date.

6. CCS notes that, as of 19 January 2018, the Parties have already launched their uberFLASH service, which constitutes part of the Proposed Collaboration currently under CCS's review. In general, an immunity from financial penalty applies to any agreement notified to CCS,<sup>6</sup> from the date of notification till the date CCS issues its decision.

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<sup>6</sup> The immunity only applies with respect to infringements of the section 34 prohibition. For more details, please refer to the *CCS Guidelines on Filing Notifications for Guidance or Decision with respect to the Section 34 Prohibition and Section 47 Prohibition 2016*.

## **About The Competition Commission of Singapore (CCS)**

CCS is a statutory board established under the Competition Act (Chapter 50B) on 1 January 2005 to administer and enforce the Act. It comes under the purview of the Ministry of Trade and Industry. The Act empowers CCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties.

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

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