Implications of Grab-Uber merger

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For The Straits Times

At the national level, the merger of Grab and Uber will also have ramifications on a broader canvas of public policies relating to public interest.

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customer satisfaction have earned their success. Mergers, on the other hand, provide a shortcut for firms to achieve market dominance, without necessarily offering consumers superior products or services.

While a merger will always result in a reduction in competition, simply because there will be one less competitor in the post-merger market, it may also produce cost-savings and other economic efficiencies that might benefit society in other ways.

The challenge for competition authorities when evaluating mergers is to explain how they will not only affect competition, but also the harms to competition, and consumer welfare, are outweighed by the benefits of the merger, or vice versa.

In the past, the Competition Commission of Singapore has taken the position that maximising consumer welfare, while it is important, was not its main objective as a competition authority. Instead, its focus has been on maximising total economic welfare in Singapore.

The Competition Commission of Singapore will certainly rest the limits of this policy preference, particularly in the light of the recent additions of consumer protection functions in its portfolio of regulatory responsibilities.

Third, the potentially protracted process of Grab seeking approval for the proposed merger under multiple national merger control regimes across South-east Asia might provide impetus for convergence, or some form of regional harmonisation, between the competition law systems of the ASEAN member states.

The importance of developing an effective regional competition policy within the ASEAN Economic Community (AEC) is clearly articulated in the AEC Blueprint 2025, where Singapore and its neighbours have expressed a desire to “achieve optimalisation of competition policy and law in ASEAN by developing a regional strategy of convergence”.

There are numerous opportunities for regulatory innovation in this area. Where merger notification procedures can be streamlined across all territories where the parties have operations, such that regional mergers can be more effectively evaluated by the different national competition authorities working in close cooperation with one another. It is not surprising that the Grab-Uber merger announcement was not only received positively, especially as the two controversial market players have been each other’s fiercest rivals for some years.

With the ball now in the court of ASEAN’s national competition authorities, one suspects that whatever decision they reach — whether allowing the merger to proceed, blocking it or modifying it with conditions attached — will be equally controversial.

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