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## PRESS RELEASE 10 August 2018

### PCC binds Grab to service quality, price conditions for Uber takeover

The Philippine Competition Commission (PCC) subjected Grab's acquisition of Uber in the Philippines to service quality and pricing standards in clearing the transaction. These conditions for clearance were part of the voluntary commitments signed by Grab on Thursday to address the competition concerns raised by the antitrust authority.

In its Commitment Decision, the PCC emphasized that any breach of the conditions will subject Grab to fines of up to P2 million per breach, or unwinding of the transaction. Violations or arrangements intended to circumvent the application of the commitments by parties may likewise result in appropriate penalties.

The commitments are meant to address the competition issues raised in the Statement of Concerns (SOC) released last May 22 by PCC's Mergers and Acquisitions Office. The competition concerns flagged by the SOC highlighted price increases and service deterioration arising from the merger of the country's two (2) biggest ride-hailing apps.

"The PCC's Commitment Decision holds Grab to a standard as if Uber were present in the market. In effect, while Grab operates as a virtual monopolist, the commitments assure the public that quality and price levels that would prevail are those that had been when they still faced competition from Uber. Moreover, the commitments ensure that the merger will not make it more difficult for new players to enter and grow," PCC Chairman Arsenio M. Balisacan said.

To ensure that the quality of service and pricing of Grab is not unreasonably different *before* and *after* it acquired its *competitor* Uber, the PCC issued a "Commitment Decision" detailing Grab's undertaking to address competition issues, namely:

- **Service Quality Commitment:** Grab shall commit to bring back market averages for acceptance and cancellation rates before the transaction, and response time to rider complaints.



- **Fare Transparency Commitment:** Grab will revise its trip receipt to show the fare breakdown per trip, including distance, fare surges, discounts, promo reductions, and per-minute waiting charge (if reinstated by LTFRB).
- **Commitment on Pricing:** Grab shall not have prices that have an “extraordinary deviation” from the minimum allowed fares. Grab will be penalized equivalent to 5% of Grab’s commissions, or up to P2 million, in the identified trips with extraordinary deviation that do not have sufficient justification.
- **Removal of “See Destination” Feature:** Grab will remove “see destination” feature for drivers with low ride acceptance rate.
- **Driver/Operator Non-Exclusivity Commitment:** Grab shall not introduce any policy that will result in drivers and operators being exclusive to Grab. Current Grab drivers/operators are allowed to register/operate under other Transport Network Companies (TNCs) through a multi-homing scheme.
- **Incentives Monitoring Commitment:** Since incentives may result in drivers remaining exclusive to Grab, and thus affect its competitors’ conditions of entry and the ability to expand, the Commission shall monitor and evaluate Grab’s incentives on the basis of mandatory quarterly reports.
- **Improvement Plan Commitment:** Grab will implement the following: (1) enhance driver performance standards, (2) adopt a Driver Code of Conduct, (3) establish a Grab Driver Academy; (4) adopt an emergency SOS feature, help center, and passenger no-show feature; (5) adopt a Passenger Code of Conduct; (6) maintain dedicated service lines subject to prevailing labor regulations; (7) adopt a Driver Welfare Program; and (7) implement a Driver Rewards Program.

### Unique in PCA: Commitment Decisions

The Commitment Decision is the ruling derived from the offer of voluntary commitments made by Grab, an approach which suspended the review proceedings that started in April. PCC and Grab underwent comprehensive evaluation on the commitments to be sufficient in addressing the concerns raised in the SOC.

Commitment Decisions are unique to competition authorities around the world, including PCC, that balances business concerns and fair competition in the market.

“Grab’s commitments signal their willingness to behave within a competitive space and in accordance with the Philippine Competition Act. Engaging in this comprehensive legal exercise is a testament to how compliance contributes to a culture of competition to benefit the riding public,” Balisacan said.

PCC stands to guard against any breach or non-compliance through an appointed impartial third-party trustee to independently monitor Grab on its commitments for a period of one (1) year after the signing of the Commitment Decision.

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**REFERENCE:**

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