جهاز حماية المنافسة

Egyptian Competition Authority

ECA's Assessment of the Acquisition of Careem, Inc. by Uber Technologies, Inc.

Non-Confidential

Cairo

19 December 2019

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Having regard to Law No. 3 of 2005 concerning the Protection of Competition and Prohibition of Monopolistic Practices;

Having regard to Decision No. 1316 of 2005 by the Prime Minister issuing the Executive Regulations of the Law No. 3 of 2005 concerning the Protection of Competition and Prohibition of Monopolistic Practices;

WHERAS:

1. Facts

1- On 7 April 2019, the Egyptian Authority on the Protection of Competition and the Prohibition of Monopolistic Practices ("ECA") received formal notification ("Notification") as to the proposed acquisition, by which Uber Technologies Inc. ("Uber") acquires 100% of the assets of Careem Inc. ("Careem") and its subsidiaries (referred to jointly as the "Parties") ("the Transaction"), pursuant to the Interim Measure decision rendered by ECA on 22 October 2018 ("IMO"), which ordered the Parties not to consummate their transaction before ECA's approval and to notify the transaction to ECA according to Article 6(2) of the Egyptian Law No. 3 of 2005 on the Protection of Competition and the Prohibition of Monopolistic Practices ("ECL"). In turn, the Parties have stipulated in §5.8 of their Conditional Purchase Agreement[1] that the consummation of the transaction is conditioned on regulatory and anti-trust approvals.

1.1. The Parties

2- Uber Technologies, Inc., is the holding company of Uber Egypt. It operates in more than 700 cities and 60 countries around the world. It began operating in Egypt in 2014 and currently covers 9 cities. It offers a number of services in Egypt, including: app-hailed passenger vehicles such as UberX, which offers lower priced cars; UberSelect, which offers more luxurious cars; UberScooter; UberBus; Uber Tuk-Tuk; and UberEats, a food delivery service.

3- Careem Inc., is the holding company of Careem Egypt. It operates in more than 125 cities in 15 countries around the world. It began operating in Egypt in 2014 and currently covers 18 destinations. Careem provides the following services: Go Value, which offers lower priced cars; GO+ Comfort, the more luxurious option; White Taxi, traditional taxi hailed via Careem's app; Careem Bike; Careem Tuk-Tuk; Careem Bus; and Careem Box, a delivery service.

1.2. The Transaction

[1] [*], submitted by the Parties to ECA on 7 April 2019, §5.8.

4- The Conditional Purchase Agreement entails the acquisition of Careem's assets by Uber [*].

1.3. Due process and nature of this document

5- The IMO granted ECA 60 working days, from the day of notification, which can be extended indefinitely by the board, to study the transaction in question. ECA began its investigation the day the notification was fully received from the Parties, 7 April 2019. After the first 60 working days, the board offered ECA an extension for a further 60 working days, and again for a further 30 working days. The Parties then requested an extension to 20 December 2019.

6- This document presents ECA's conclusions, following the exchange of documents between ECA and the Parties that took place after the Parties submitted a notification to ECA on 7 April 2019. These are:

- ECA's Statement of Concerns (24 May 2019);
- The Herbert Smith Freehills ("HSF") Response (27 June 2019) and its annex, the Charles River Associates ("CRA") Response (21 June 2019);
- ECA's Commentary on the Parties' Response (8 August 2019);
- The Parties' Response to the ECA's Commentary on the Parties' Response to the ECA's Statement of Concerns (28 August 2019);
- The Summary of ECA's Findings (9 September 2019).

7- Following the conclusion of ECA's assessment of the transaction and the identification concerns it raises, the Parties came forth with the following commitments proposals in order to mitigate the potential anti-competitive effects of the transaction, to which ECA replied both in writing (as outlined below) and in meetings with the Parties held at ECA:

- The Parties' First Commitments Proposal (3 September 2019);
- ECA's Commentary on Commitments Offered by the Parties[2] (22 September 2019);
- The Parties' Second Commitments Proposal (16 October 2019);
- Results of Market Testing of the Parties' Second Commitments Proposal (31 October 2019);
- The Parties' Third Commitments Proposal and their response to the ECA's Market Test Results (6 November 2019);
- The Parties' Commitment in Relation to UberBus (19 November 2019);
- Results of Market Resting of the Parties' Third Commitments Proposal (25 November 2019);

[2] In which ECA highlighted to the Parties a number of commitments from previous cases, as examples of international best practices, that could be used to mitigate ECA's concerns.

- The Parties' Second Commitment in Relation to UberBus (9 December 2019);
- The Parties' Fourth Commitments Proposal and their Third Commitment Proposal in relation to UberBus (11 December 2019);
- The Parties' Fifth Commitments Proposal (15 December 2019).

8- This document will also refer to the following surveys (discussed further in the Appendix):

- A survey conducted for ECA by Egyptian Cabinet's Information and Decision Support Center (IDSC) in December 2018 ("ECA survey");
- A survey conducted for Uber by IPSOS in Uber's normal course of business in 2017 ("IPSOS survey");
- A survey conducted for CRA by IPSOS, first mentioned by CRA in the CRA Response ("CRA survey");

as well as to historical data received from the Parties in response to multiple requests for information sent from ECA within its powers under Article 22 (bis.) ECL.

9- The following document will present a consolidated version of these documents, aided by ongoing communication between ECA and the Parties, to present the sum of ECA's findings concerning the transaction in question as well as the Parties' arguments. Arguments are not necessarily presented in this document in chronological order.

2. ECA's jurisdiction

2.1. ECA's power to intervene ex-ante to control the transaction

10- Article 1 ECL clarifies that ECA's role is to ensure that "economic activities shall be undertaken in a manner that does not prevent, restrict, or harm the freedom of competition…". ECL in no part restrains ECA's ability to intervene or dictates that the harm must actually occur so that ECA can intervene. Otherwise, it would run against ECL's very purpose of establishing a preventive legal regime capable of ensuring effective competition throughout the economy.[3]

11- Article 5 ECL allows ECA to intervene in regard to acts committed abroad if they result in the prevention, restriction, or harm of competition in Egypt.

12- Article 6(1) ECL prohibits agreements or contracts between competitors if they are "likely" to restrict freedom of competition and in particular if they may have the object or effect of resulting in any of the conduct listed therein. As such, ECA has the authority to stop anticompetitive transactions before the harm resulting from them materializes as long as, at the moment of the agreement, the Parties to the transaction are two or more independent competitors.

[3] Article 1 ECL.

13- Article 6(2) ECL states that ECA may exempt agreements prohibited under Article 6(1) if it is proven that such agreements create economic efficiencies for consumers (such as through commitments presented by the Parties), the benefits of which outweigh the restriction of competition.

14- An acquisition transaction is "an agreement that brings two legally independent undertakings, in which one party (the acquirer) controls another party (the acquired) by absorbing the latter's assets".[4] Such transactions may eliminate competition between independent undertakings thereby resulting in a reduction and/or restriction of competition and/or the creation of a dominant position. They may hence constitute an infringement of Article 6 ECL if they concern a transaction between competing parties in a horizontal relationship.

15- The agreement or transaction in question is an acquisition of one market player by the other. It is horizontal in nature: it concerns the only current competitors operating in the same relevant markets. It is concluded by two independent parties: In accordance to Article 5.8 of their Conditional Purchase Agreement, the Parties to the transaction shall, at the moment of the conclusion of their agreement and until the transaction is approved by the relevant regulatory authorities in each jurisdiction, remain independent competing persons.[5] Hence, the acquisition is subject to the scope of Article 6. The argument raised by the Parties, that the Parties will cease to be independent as a result of the implementation of the transaction, is actually the very conduct Article 6 ECL aims to regulate.

16- Article 20 ECL allows ECA to intervene in transactions ex-ante through issuing interim measures, binding potential infringing Parties from carrying out certain conduct, including carrying out anticompetitive transactions in the form of mergers or acquisitions.

17- It was on this basis that the Parties have submitted an ex-ante notification to ECA. One of the early submissions by the Parties stated that they "requested the exemption of the transaction in question".[6] Any contesting of ECA's jurisdiction is therefore contrary to the Parties' own submissions.

2.2. Precedent in Egyptian Courts

18- In the 2009 case of Hyma Plastic[7], three Parties concluded a joint venture agreement that included a number of non-compete clauses, which ECA concluded were anti-competitive. Based on this assessment, ECA issued an administrative decision deeming the anti-competitive clauses void. Upon the challenge of the decision by the parties, the court

[4] Ahmed Mohamed Mehrez, Treaty of Commercial Business, Al-Ma'ref Est, 2nd edition, 2004, p. 596.
[5] [*], submitted by the Parties to ECA on 7 April 2019, §5.8.
[6] Submission by the Parties to ECA, 6 March 2019, §1.2.
[7] Economic and Investment Disputes Circuit, Administrative Court, HymaPlastic Case, Case No. 41211, 24 January 2009.

undertook a new approach by considering the exchange of shares a *horizontal merger* and hence assessed the compatibility of the agreements dissolving the joint venture with the *main objectives of competition law*. This decision shows that the powers conferred to ECA by ECL enables the former to intervene before the realization of harm resulting from an anti-competitive agreement – or specifically, in the case of Hyma Plastic, a horizontal merger. This has also been supported by literature commenting on the case and on the objectives of Egyptian competition law.[8]

19- In a ruling dated 28 February 2018, the Economic Court upheld this ground, stating that:

> *"The intention of the Parties to an agreement prohibited by Article 6 to restrict the freedom of competition is irrelevant. The assessment is whether the agreement is, objectively, anticompetitive or likely to restrict the freedom of competition. It is established that prohibition can also cover those contracts or agreements whose purpose is normally lawful yet its practical impact could be the restriction of the freedom of competition, although unwanted or unpredicted by the parties.*
>
> *(…)*
>
> *"An agreement or contract prohibited under Article 6(d) does not have a specific form and may occur under any form of concurrence of wills. The form in which it is manifested is unimportant … it is enough that the contract or the agreement may, or is likely, to lead to any of the situations set forth under Article 6. Such likelihood can be asserted whether from the provision of the agreement or contract or from the objectives it seeks to attain and the legal and economic context of which it forms part.*
>
> *In addition, the prohibition of these agreements and contracts that have a negative influence on the markets, prices, products, distribution, production or marketing… is an intervention by the law in the contractual freedom of the parties, justified by the protection of the public interest of the consumers, producers and the well-being of economic activities within society".*[9]

20- In a judgment dated 30 December 2018, the Economic Court, in quoting all the above, held that "Article 6 is preventive in nature and, as such, a prohibition can be established regardless of whether the agreement in question is implemented or not".[10]

21- This was further supported by the decision of the Court of Cassation, the highest court in Egypt, when it upheld the lower courts' finding of an infringement to Article 6 ECL. The

[8] Mohamed ElFar, Lessons from the Backyard of the EUMR: The Hyma Plastic case in Egypt, E.C.L.R., Issue 10, 2012.

[9] Cairo Economic Court, Second Circuit, Economic Offences, Medicine Distribution Case, Case No. 1898 of 2016, 28 February 2018.

[10] Cairo Economic Court, Second Circuit, Economic Offences, Heart Valves Case, Case No. 168 of 2018, 30 December 2018.

Court of Cassation, in Case No. 4801/3, stated that "for an agreement to be prohibited under Article 6 ECL, it does not require more than a concurrence of will between its parties regardless of whether the agreement was implemented or the moment of its implementation".[11]

22- According to this well-established jurisprudence, ECA's intervention is not dependent on the materialization of actual harm or on the fact that the Parties will cease to be distinct after the agreement is implemented. It is also clearly the case that the implementation of the transaction or the occurrence of its potential harm – the fact that Careem will cease to exist as an independent competitor – would result in irreversible harm to competition, in particular because this will automatically result in "the restriction of manufacturing or production or distribution or marketing of products including a restriction on type, or volume or the availability of competing products" in the sense of Article 6(d) of ECL.

2.3. Examples from other jurisdictions[12]

23- It is common practice for jurisdictions to qualify mergers and acquisitions as anticompetitive agreements. The following section sets out a number of instances where the EU has used Articles 101(1) and 102 of the Treaty on the Functioning of the European Union ("TFEU") to assess anticompetitive mergers and/or acquisitions.

24- The European Commission also applied Article 101 TFEU to this effect in the case *British-American Tobacco Company Ltd. and R. J. Reynolds Industries Inc. vs. the Commission.* Notably, "the ruling may cover all acquisition agreements whether they lead to a 100 percent ownership" or less.[13] The European Commission still resorts to Article 101 TFEU in relation to some mergers and acquisitions.

25- In *Continental Can*, the European Court of Justice ("ECJ") stated that Article 102 is intended not only to prevent form of acts that cause direct harm to consumers, but also to prevent acts that may harm the market structure, regardless of the means and procedure by which it is achieved. Such acts include allowing Parties to carry out transactions that may place an undertaking in a dominant position or entrench such a position.[14]

26- The Deputy Director General of the DG Comp in charge of mergers has recently stated that:

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[11] Court of Cassation, Case No. 4801/3, 21 June 2009.

[12] Any reference to the European Union Competition Law principles, rules, and case law or that of any other non-Egyptian jurisdiction, can be and is used for illustrative purposes only. ECA reserves the right to interpret or reinterpret any of those referenced rules or principles in the way it finds relevant and compatible to the ECL. ECA is not bound by any laws or regulations, or interpretations of any law or regulation or cases, of any jurisdiction other than those of the Arab Republic of Egypt.

[13] Willem J L Calkoen and J J Feenstra, Acquisition of Shares in other Companies and EEC Competition Policy: The Philip Morris Decision, International Business Law, 1988, pp. 167, 168.

[14] ECJ, Europeanballage Corporation and Continental Can Company Inc. v Commission, Case 6-72, 21 February 1973, §26-27.

"EU merger control is "the child" of both Articles 101 and 102 TFEU – as you know, it was through the application of then Articles 85 (Philip Morris) and 86 of the Treaty (Continental Can) that the Commission and the Court of Justice first proceeded to control concentrations in the EU. (…) Further, the recast Merger Regulation brought the structure of the merger assessment closer to the one of Article 101 TFEU. It now explicitly recognizes in Recital 29 (and the Commission's Horizontal Merger Guidelines provide further guidance) that efficiencies brought about by a merger may counteract its possible anti-competitive effects and thus not lead to a SIEC – in a very similar way to an agreement or practice meeting the test of Article 101(1) TFEU but not infringing that prohibition if the conditions of Article 101(3) are met."[15]

27- In conclusion, in order to fulfill its role of safeguarding the freedom of competition and preventing anti-competitive behavior, as dictated in ECL and in court rulings, ECA must intervene in any anti-competitive agreements between competitors (as per Article 6 ECL), regardless of the nature or form of such agreements. This is common practice in many jurisdictions.

2.4. Legal test

28- In the following document, ECA will, within its jurisdiction as described above, assess the potential acquisition of Careem by Uber under Article 6 ECL:

- The agreement is one between two competitors in a horizontal relationship, which would infringe Article 6(1) ECL;
- The Parties may be granted exemption under Article 6(2) if they present to ECA efficiencies that outweigh the harm caused by the transaction;
- The transaction may otherwise be exempted if the Parties present to ECA adequate commitments that relax ECA's concerns and create efficiencies (including by incentivizing entry) as a result of the transaction.

3. Market structure and overview

3.1. Nature of the Parties' activities[16]

[15] Carles Esteva Mosso, The Contribution of Merger Control to the Definition of Harm to Competition, March 2016. Available at: http://ec.europa.eu/competition/speeches/text/sp2016_03_en.pdf.

[16] ECL requires ECA to assess the nature of services from the stand point of the consumer, independent from any other views adopted in other regulations, which are not concerned with the protection of competition on the marketplace. This is in order to ascertain the actual economic activity of competitors and hence define the relevant market. The competition law assessment applies without prejudice to any other classification that the Parties may fall under.

29- The Parties provide transportation services through a technological platform.[17] The application connects riders with drivers; the driver provides a ride to the rider in exchange for remuneration. In return, service providers earn a commission for providing riders and drivers with this facilitation. The Parties thus provide a composite service,[18] that can generally be referred to as ridesharing or app-based ride-hailing.[19]

3.2. Relevant market

30- Market definition serves to identify the scope of competitive constraints under which the post-transaction entity[20] will operate.[21] This is key to identifying the competitive effects that may result from the transaction. In defining the relevant market, ECA follows Article 3 ECL and Article 6 of the Executive Regulations.

Provisions in ECL

31- Article 3 ECL dictates that the relevant market consists of the relevant products and the geographic area.

32- Relevant products are products that are considered practical and objective substitutes to each other. Article 6 of the Executive Regulations clarifies that the status of products as practical and objective substitutes must be determined from the point of view of the consumer, in particular by taking into consideration:

a) "The similarity of the relevant products with other potentially substitutable products in terms of usage and characteristics; and
b) the willingness of consumers to switch from using the relevant product to other potentially substitutable products resulting from a relative change in price or any other competitive factors."[22]

[17] A recent ECJ judgement found that ridesharing companies provide "an intermediation service … the purpose of which is to connect, by means of a smartphone application and for remuneration, non-professional drivers using their own vehicle with persons who wish to make urban journeys". The ECJ concluded that this service "must be regarded as being inherently linked to a transport service". While the ECJ was not ruling on a competition issue, ECA generally agrees with the conclusion, to the extent it finds suitable. See: ECJ, Asociación Profesional Elite Taxi v Uber Systems Spain SL, Case C-434/15, 20 December 2017, §48.

[18] Vassilis Hatzopoulos, The Collaborative Economy and EU Law, Bloomsbury, 1st Edition, 2018, p. 205.

[19] ECA uses the terms "ride-hailing" and "ridesharing" interchangeably throughout this document.

[20] ECA uses the term "post-transaction entity" when discussing the post-transaction scenario to refer to Uber after acquiring Careem throughout this document.

[21] European Commission, Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ 2004/C 31/03, 5 February 2004, §10.

[22] The requirements for substitutability in the Executive Regulations are non-exhaustive as they serve as a guide for ECA's assessment of substitutability. Establishing the absence of one of the requirements suffices to deter any claims of substitutability.

33- The geographic market means a certain geographical territory where competition conditions are reasonably homogenous, taking into account potential future entry or competition.[23]

Arguments by the Parties

34- The Parties have submitted that ridesharing is an innovative solution that created "a young and dynamic industry which is competing away customers from other modes, and exploding options for intra-city transportation"[24]. Their view is that "Riders looking to get from A to B typically have a range of alternatives, which constrain ridesharing to different degrees. What is relevant to a competition assessment is thus the full set of options available to riders as they plan their journey".[25] They hence adopt a broad market definition.

35- The Parties' wide market definition includes most transportation methods, such as public buses, street-hailed taxis, and private vehicles. They base their definition on the argument that "markets are defined by substitution possibilities, not by technical characteristics of the product such as dispatch method".[26]

ECA's approach

36- In accordance to Article 6 of the Executive Regulations, ECA identifies and analyses, in the following section, the substitutability of the different modes of transportation by analyzing the characteristics and the usage of the modes as well as the willingness of consumers to switch between them. ECA views both riders and drivers as consumers of the service in question and thus takes into consideration both perspectives in its assessment.

37- The Parties' activities do not overlap on the markets of food-delivery and courier services. For that reason, these markets will not be part of ECA's assessment. The Parties' overlapping activities are: app-based ride-hailing via passenger vehicles, high capacity vehicles ("HCV") (microbuses, mini-busses, and busses), scooters, and tuk-tuks. ECA's market definition will focus on the Parties' overlapping activities.

38- The following assessment begins by differentiating between two models of transportation: point-to-point and door-to-door. Point-to-point transportation includes transportation through HCVs and the metro. Door-to-door transportation, for the purposes on this assessment, includes transportation via passenger vehicles, scooters, and tuk-tuks. After making this distinction and determining the degree of substitutability between the two

[23] Article 3 ECL.
[24] Submission by the Parties to ECA, 6 March 2019, §6.16.
[25] Ibid., §6.12-6.13.
[26] Ibid., §6.13.

models, ECA will then analyze the distinction between the different modes of door-to-door transport Uber and Careem provide – app-hailed tuk-tuks, scooters, and passenger vehicles– and their distinction from street-hailed taxis and tuk-tuks. This will determine the substitutability of the relevant product, app-hailed passenger vehicles, with all the other modes of transportation. The relevant product will be compared throughout the following analysis with all available public and app-hailed means of transportation.

3.2.1. Product market

39- ECA distinguishes between two transportation models: first, the point-to-point transportation model, which is used by 85% of the Egyptian population.[27] Second, the door-to-door transportation model includes transport through tuk-tuks, scooters, passenger vehicles, and taxis.

40- Mass transportation is considered point-to-point transportation. Mass transportation includes transportation by bus, mini-bus, and microbus, which will be referred to throughout this document as HCV. Riders generally use buses, mini-buses, and microbuses interchangeably.[28] In addition, mass transportation includes the metro.

41- Point-to-point transportation entails that vehicles move across a number of points, or pre-determined stations. The stations are spread across a line that has a beginning and an end, terminals, and so passengers have to adapt their trips to the location of these points and their availability vis-à-vis the consumer's own location and destination. This requires consumers to go from their location to the determined point of departure and from the point of arrival to their destination. This is a model where supply is fixed and demand fluctuates.[29]

42- On the other hand, transportation using tuk-tuks, scooters, and passenger vehicles is mostly considered door-to-door transportation. Door-to-door transportation offers privacy, accuracy of transportation and comfort since the rider is guaranteed a place to sit unlike in public transport and subway. Door-to-door transportation is also more readily available throughout the day, as opposed to point-to-point mobility, which is constrained by pre-scheduled. All the above-mentioned characteristics explain why point-to-point mobility is more costly.

43- It is worth noting that the proportion of passengers in Greater Cairo using door-to-door transportation is much less than that of point-to-point transportation. However, research

[27] Ibid, Figure 8.
[28] Meeting between ECA and the Urban Transportation Workers' Syndicate, signed meeting minutes, 10 December 2018.
[29] This is without prejudice to the fact that some models of app-hailed HCV exhibit fluctuating supply and demand.

shows that the proportion of passengers who use point-to-point transportation consider this model to be the principal form of mobility.[30]

44- From the analysis conducted in the following sections, ECA reached the conclusion that point-to-point mobility is separate from door-to-door mobility. It is unreasonable to compare two different models when the proportion of passengers using door-to-door transportation are not willing to switch to point-to point transportation. The substantially different characteristics of each model necessitates reaching the conclusion that door-to-door mobility cannot be considered a substitute to point-to-point transportation from the standpoint of passengers.[31]

45- Thus, ECA categorizes the different modes of transportation to lie into either the point-to-point category or the door-to door category. ECA thoroughly analyzes below the different modes of transportation to demonstrate in a detailed manner the different characteristics of the point-to-point and door-to-door models.

3.2.1.1. Point-to-point transportation

46- Point-to-point transportation includes subway services and HCVs.

3.2.1.1.1. Subway services (Metro)

47- Cairo has a subway that currently operates three lines and is constructing three more to be completed in 2022.[32] It runs on a regular schedule (it runs every 6 minutes) and is considered the fastest and cheapest way to travel in Cairo.

48- In demonstrating the extent to which the metro service may be considered a proper substitute for the app-based passenger vehicle service, ECA assesses the characteristics of both, as well as the ability for riders and drivers to switch between them.

Usage and characteristics

49- The metro has its own state-built infrastructure. The fact that it is a state-owned monopoly places it in a separate market. Combined with the following characteristics, it is placed in a separate market:

- It runs periodically and regularly at pre-scheduled times and fixed stations. It has opening and closing hours.
- The capacity of a metro line reaches up to 1.8 million riders a day[33]

[30] ECA survey.
[31] IPSOS survey (submitted by the Parties to ECA, 10 May 2019, Annex 8, p. 22).
[32] Cairo, Urban Rail. Available at: http://www.urbanrail.net/af/cairo/cairo.htm.
[33] Cairo Metro, Railway Technology. Available at: https://www.railway-technology.com/projects/cairo-metro/.

- It is underground and is not subject to over-ground traffic
- There is no pre-booking option per se but there are monthly and yearly subscriptions
- It currently only operates three lines, which do not cover most destinations. It does not at all operate in the suburbs or outskirts of Cairo
- It has special carriages exclusively for women

50- For the rider, the metro enjoys many advantages that buses, mini-buses, and microbuses do not due to the nature and infrastructure of the former.

51- As for the driver, the license required for driving a metro is a derogatory license, meaning that it can only be used for driving metros and that no other license confers this ability to its holder.

52- In addition to the above, it is extremely costly to roll out underground projects, as they are usually considered mega-infrastructure projects that can usually only be afforded by the state. On the contrary, the current road infrastructure allows for a wider geographical spread of buses, mini-buses, and microbuses, allowing them to cover areas that may be very costly or even impossible for underground infrastructure to reach.

3.2.1.1.2. Public transport services provided by bus, mini-bus, and microbus (HCVs)

53- Transportation through HCVs can be further subdivided into two sub-categories: app-booked and non-app-booked. The following section assesses the extent to which traditional HCVs, app-hailed HCVs and app-hailed passenger vehicles compete with each other and may be considered in the same relevant market.

54- Non-app-booked HCVs run periodically and regularly at pre-scheduled times in a predetermined route. The vehicle quality is usually subpar.[34] Even though they are the same makes as the vehicles used as app-booked HCVs by ride-hailing companies, these latter accept newer models with special requirements.[35]

- *Reliability*. From the riders' perspective, the characteristics and use of the app-booked HCVs differ from those provided by public transport: they are booked through an application and consumers cannot ride them otherwise. As for public transport services, there is no way to pre-book them; riding a HCV in the street is done through first-come, first-served basis.

[34] IPSOS survey (submitted by the Parties to ECA, 10 May 2019, Annex 8, p. 22); Submission by the Parties to ECA, 3 June 2019, Annex 1, p. 93.
[35] Meeting between ECA and [*], 4 April 2019.

- *Quality*. Generally, the app-booked vehicles service is distinguished by its higher quality, the main pillar to its success. This distinction directly affects both sides of the market. The service offers an evaluation system to ensure high quality which renders its quality assurance higher than the rest of the other means of transport. Hence, the application is considered an observer and the evaluation system is its means of control.[36]

- *Safety.* Having application guarantees the safety of the riders, as it allows riders to track their ride and access information about the rider.

55- Therefore, *for riders*, traditional mass transport means appear to not be a substitute for app-booked HCVs, due to differences in reliability, quality, and safety.

56- *For drivers*, traditional mass transport means may be considered a substitute for app-booked HCVs: the license they need to drive the former is the same they would need to drive the latter. Technically, a driver with the appropriate license can drive with either type of mass transportation. However, there are a few differences between the experience of driving traditional mass transport vehicles and driving an app-booked HCV.

57- Drivers of traditional HCVs are independent operators. However, drivers of app-booked HCVs have to undergo background checks and drug tests. Additionally, drivers of app-booked HCVs receive a daily wage regardless of the number of the passengers in the trip and the revenue that it generates. This is not the case of traditional mass transport drivers, whose income depends solely on the revenue generated from the trips.[37] The former is a more guaranteed source of revenue. This shows that, depending on the preferences of the driver, they may not be willing to switch from driving traditional mass transport means to app-booked transport means, although they may technically be able to do so.

58- This shows that traditional HCVs and app-hailed HCVs may also lie in separate markets for drivers. More generally, they both, as forms of point-to-point transportation, appear distinct from the relevant product, app-based passenger vehicles. This view is supported by the survey data discussed below in Section 3.2.1.2.5.

59- While ECA does not need to make a definitive conclusion on the market definition of HCVs at this time, the working assumption is that traditional HCVs and app-hailed HCVs are in separate by potentially closely related markets, and that app-hailed passenger vehicles are also in a separate market. this preliminary conclusion does not preclude the possibility that app-hailed passenger vehicles and app-hailed HCVs may, in the future and with the evolution of the latter, become substitutes for one another in respect to certain

[36] OECD, Taxi, Ride-Sourcing and Ride-Sharing Services, Background Paper, 30 April 2018.
[37] Ibid.

routes or demographics. The Parties would have to take into consideration this fact in any commitments presented to ECA.

60- The following assesses whether app-hailed passenger vehicles, the main activity in which the Parties overlap, constitutes a separate market from other door-to-door means of transport.

3.2.1.2. Door-to-door transportation

61- Door-to-door transportation is offered within different cities in Egypt through various means. To understand the dimensions of competition that the post transaction-entity may face in door-to-door transportation via app-hailed passenger vehicles, the main activity, in which the Parties overlap, ECA analyzes the extent to which different modes of door-to-door transportation can be considered as practical and objective substitutes to app-hailed passenger vehicles. In line with the Parties' submissions, ECA analyzes tuk-tuks, scooters, and passenger vehicles (whether app-hailed or street-hailed) as the means for door-to-door passenger transportation within different cities in Egypt.[38]

3.2.1.2.1. Tuk-tuks

62- Tuk-tuks are small three-wheeled motorized vehicles used in certain areas in Egypt. App-hailed tuk-tuks have recently been introduced. Both street-hailed and app-hailed tuk-tuks require special licensing conditions for the driver and the vehicle. ECA is of the view that tuk-tuks differ from app-hailed passenger vehicles in terms of usage and characteristics (working radius, level of comfort, and cost of transport), and in terms of the ability drivers and riders to switch between the two.

Characteristic	Ability to switch from riders' perspective	Ability to switch from drivers' perspective
Working radius	Tuk-tuks are not allowed to operate in most areas in Cairo; legally, they cannot operate on freeways and arterials, and so are only limited to intra-district transportation.[39] Most areas in Cairo are connected by highways, the number of which having currently increased as part of Egypt's urban expansion plans.[40] Tuk-tuks are mainly used in small, deprived urban settlements (slums) or in outskirts and underserved areas. It is usually difficult or not recommended for	

[38] Submission by the Parties to ECA, 6 March 2019, §6.12-6.13.

[39] Tuk-Tuk Licensing Restrictions, Youm7, 8 December 2018. Available at: https://www.youm7.com/story/2018/12/8/تعرف-على-شروط-ترخيص-التوك-توك-فى-القانون-الجديد/4058235

[40] Lolwa Reda, 2018 Accomplishment: National Road Project puts Egypt 75 globally in road quality, Egypt Today, 28 December 2018. Available at: https://www.egypttoday.com/Article/2/62713/2018-Accomplishment-National-Road-Project-puts-Egypt-75-globally-in

	passenger vehicles to operate in these streets.[41] Their usage in poorer areas means that they function as "cheap means of transportation for shorter distances that of passenger vehicles. They differ from passenger cars in terms of price points".[42]	
License		Tuk-tuk drivers must have a specialized license in order to drive three-wheeled vehicles, different from that required for driving passenger vehicles. "The tuk-tuk driver is [usually] from the same area in which he operates in, which is not the same case for passenger vehicles".[43] Tuk-tuk and passenger vehicles drivers are not from the same pool of consumers.
Safety and quality	Tuk-tuks are generally of lower quality, and are usually considered unsafe. They are constantly subject to impoundment.[44] Drivers are often underage.[45] There are material differences in comfort, air-conditioning, and motor-size between them and passenger vehicles.	

3.2.1.2.2. Scooters

63- Scooters are two-wheeled motorized vehicles. Scooters are either used by their owners or are app-hailed. Drivers must have a special license to drive a scooter. ECA is of the view that scooters are not substitutable with app-hailed passenger vehicles, and are complementary to them[46], in terms of usage and characteristics (working radius, pollution conditions, cultural barriers, and safety), and in terms of the ability of drivers and riders to switch between the two.

Characteristic	Ability to switch from riders' perspective	Ability to switch from drivers' perspective
Working radius	Scooters, whether privately owned or app-hailed, are limited in working radius and cannot be used for long distances or on highways due to safety reasons.[47]	

[41] Submission by [*] to ECA, 17 April 2019.
[42] Ibid.
[43] Ibid.
[44] Submission by the Parties to ECA, 3 June 2019, p. 93.
[45] Ibid.
[46] Ibid., 139.
[47] Fouda et al., Pattern of Major Injuries After Motorcycle Accidents in Egypt: The Mansoura Emergency Hospital experience, Trauma, Vol. 19, No. 1, 2017, p. 44.

	While scooters, unlike tuk-tuks, can technically operate on highways, the perceived safety of scooters makes them significantly different in nature from passenger vehicles.[48] Scooters are also limited to intra-district transport.[49] Unlike passenger vehicles, they cannot be used by riders with heavy baggage, such as riders heading to the airport.	
License		Scooter drivers require a specialized license in order to drive two-wheeled vehicles, different from that required for driving passenger vehicles. While this license may technically be attainable for any driver, drivers who drive app-hailed passenger vehicles will likely not be interested or willing to drive a scooter whether due to the mentioned safety or cultural reasons.
Culture	Special characteristics pertaining to Egypt's climate and culture restrict the use of scooters interchangeably with passenger vehicles. Pollution levels in Egypt make scooters an infeasible option for most consumers. Cultural barriers inhibit the ability of consumers, especially females, from using app-hailed scooters and sharing them with, predominantly male, strangers.[50]	
Safety and quality	Finally, there is a significant difference between the perceived safety of scooters, whether privately owned or app-hailed and shared with a driver, and that of passenger vehicles.[51, 52]	

3.2.1.2.3. Special app-hailed passenger vehicles

64- In addition to the app-hailed passenger vehicles, there exists similar services but with special specifications. Examples of providers of these services are: Pink Taxi and Fyonka,

[48] Submission by the Parties to ECA, 3 June 2019, p. 96.
[49] Submission by [□] to ECA, 17 April 2019.
[50] Fouda et al., Pattern of Major Injuries After Motorcycle Accidents in Egypt: The Mansoura Emergency Hospital experience, Trauma, Vol. 19, No. 1, 2017, p. 44.
[51] Simpson et al., Motorcyclists' Perceptions and Experiences of Riding and Risk and Their Advice for Safety, Traffic Injury Protection, Volume 16, No. 2, 2015, p. 167
[52] Submission by Parties to ECA, 3 June 2019, Annex 1, p. 96.

which provide the service only to women, and London Cab, which provides service through cars with special characteristics and usage.

65- To examine the extent to which special app-hailed passenger vehicles are a substitute for app-based ride-hailed passenger vehicles, there are several conditions that should be met. ECA is of the view that special app-hailed passenger vehicles are not a substitute for app-hailed passenger vehicles in terms of usage and characteristics and in terms of the ability of drivers and riders to switch between the two.

Characteristic	Ability to switch from riders' perspective	Ability to switch from drivers' perspective
Business model	Most bookings are made ahead of time, and not on-demand through the application, due to the very low number of drivers they attract. Pink Taxi reported that their clients are mainly parents who contract with them to drive their children to and from schools.[53] 80% of the London Cab's business is driving passengers to the airport, as its cars are designed specifically for traveler transport.[54] They mainly serve a category of rider different from that of the comparable app-hailed ridesharing service providers discussed throughout this section. The ECA rider survey shows that only 0.7% of consumers willing to use app-based ride-hailing services would use these special applications. They are not considered a practical and objective substitute to the relevant product from a consumer's perspective.	Drivers working for Pink Taxi and Fyonka must be females with professional licenses. These female drivers do not own the cars; cars are owned by the company and the drivers are considered employees of the company. Consequently, the income received by the drivers takes the form of a monthly salary (not a percentage of profits), subject to taxes. London Cab is a company owned by Abu Ghali Motors and offers its service through a franchise with SIXT International.[55] Its services are very similar to that of Pink Taxi; however, it is not exclusive to women. With London Cab, the driver is a staff member with specialized training, holds a professional license, and has working hours set by the company, not exceeding eight hours per day.[56] The company operates through renting cars to the user, which means that the pricing would be based on the duration

[53] Meeting between ECA and [*], signed meeting minutes, 19 August 2018.
[54] Ibid.
[55] Meeting between ECA and [*], signed meeting minutes, 18 September 2018.
[56] Ibid.

		of use and not through a base fare.[57] The company owns all their vehicles, which resemble the traditional London cab. The business model of Pink Taxi and London Cab services is a labor model based on car ownership by the company and drivers as employees. These companies operate only in a one-sided market and have only one type of customer – the rider. They do not operate in a two-sided market and do not have a driver customer to consider for this assessment. Drivers who work for such companies may not be interested or willing to switch to a completely different business model, where they would not be considered as employees with a predictable pre-fixed salary. The difference between the two models limits the willingness of drivers to switch between the two types of companies.

3.2.1.2.4. Privately-owned passenger vehicles

66- The Parties' have previously compared the usage of personal cars with that of using app-hailed passenger vehicles. ECA disagrees with this parallelism, as the purchase and maintenance of a car is significantly costlier than depending on app-hailed passenger vehicles. ECA is of the view that privately-owned passenger vehicles are not a substitute for app-hailed passenger vehicles in terms of usage and characteristics (significantly different costs and commitments), and in terms of the ability of drivers and riders to switch between the two.

Usage and characteristics

[57] Ibid.

67- Purchasing a privately owned vehicle incurs high upfront and maintenance costs, incomparable with the price paid to receive a service from a third party, the app-hailed passenger vehicle service provider. The two differ in terms costs and commitments; purchasing a car will entail a consequent responsibility of expending time and money to maintain the vehicle. With app-hailed passenger vehicles, the rider is ensured that they can "sit back and relax",[58] owning and driving a vehicle is a different experience.

68- The potentially comparable case of hiring a personal driver incurs significant costs and responsibilities, which are very different from the benefits that come with a zero-commitment on-demand app-hailed ride. Therefore, the costs and commitments that come with purchasing a vehicle, even if it is accompanied with a personal driver, are significantly different from those of using the service from a third party. Privately-owned passenger vehicles are not interchangeable with app-hailed passenger vehicles in terms of usage and characteristics. This suffices to show that the two are not substitutes as per ECL.

69- ECA hence finds that the matter of willingness to switch is not relevant to this mode of transportation. Unlike the other modes, it cannot be analyzed from the rider and driver perspectives, as the rider of the app-hailed passenger vehicle would be the driver of the privately-owned vehicle. The question of switching between procured and app-hailed vehicles is not a question of switching between services as in the modes of transportation described previously as essentially; it does not compare two markets.

3.2.1.2.5. Street-hailed taxis

70- Street-hailed taxis, also known as White Taxis[59], are an independent means of transportation run by private projects and cooperative associations. Their technical capacity is similar to that of private passenger vehicles. However, taxies need licenses to operate, contain a meter, do not have fixed routes, and are mostly hailed in the street. Taxi drivers must hold a professional driving license of second or third class. [60]

71- The Parties submitted that taxis are a substitute to app-hailed passenger vehicles, and hence a main competitor to the Parties.[61]

72- ECA is of the view that street-hailed taxis differ from app-hailed passenger vehicles in terms of usage and characteristics and in terms of the willingness of drivers and riders to switch between the two. Therefore, ECA will first assess the characteristics of street-hailed taxis from the rider side and then will assess switching preferences between app-hailed passenger vehicles and street-hailed white taxis from both the rider and the driver sides.

[58] A Guide for How to Use Uber, Uber. Available at: https://www.uber.com/eg/en/ride/how-it-works/.
[59] ECA uses the terms street-hailed taxi, White Taxi, and taxi interchangeably throughout this document.
[60] Traffic Law (No. 121 of 2008).
[61] Submission by the Parties to ECA, 6 March 2019, §6.17.

Usage and characteristics

73- The Parties have submitted that "being able to book a trip on an app rather than relying on street-hail of traditional taxis is not a significant distinguishing factor".[62] However, Uber describes itself in one of its blogs as "a smartphone app that connects driver-partners with riders. Hailing a ride is done through the app. Uber driver-partners cannot pick up rides from the street, which is why we are not a taxi company".[63] This statement illustrates how Uber perceives their business model as a different model from any taxi service based on specific characteristic: that its passenger vehicles are app-hailed.

74- This characteristic was supported by one of Uber's submissions to ECA.[64] Uber stated that, in the event of lack of internet connection, Wi-Fi or mobile data, [*]% will resort to other means of transportation. To that extent, ECA notes that the existence of a platform that connects a rider to a driver is the first main characteristic and dissimilarity between app-hailed passenger vehicles and street-hailed taxis.

75- Further, the following section analyzes other key differences between the two markets, including: price, quality, safety, and reliability.

a) Price-related factors

76- The Parties stated in a submission that: "*Traditional taxis have competitive advantages in terms of price over ridesharing services in Egypt. Their metered fares based on the official rates are typically cheaper relative to an equivalent ridesharing trip. For non-metered, negotiated taxi fares Uber estimates that the gap is smaller, with traditional taxi trips being typically [*]% more expensive than the equivalent ridesharing trip. In some sense, these negotiated fares are the "taxi version" of dynamic pricing since drivers bargain harder and demand higher fares at peak times when riders are willing to pay more to get to their destination quickly*".[65]

77- ECA agrees that there could be a price advantage for the traditional taxis over the app-hailed passenger vehicles. However, this price advantage could be undermined by several factors.

- *Unmetered trips*. A large number of White Taxis refuse to operate a meter in order to determine the fare, making the trip price much more expensive than the ride-hailing

[62] Ibid, §6.26.2.
[63] How Uber Works in Egypt, Uber Blog, 18 September 2018. Available at: https://www.uber.com/en-EG/blog/how-uber-works-in-egypt/.
[64] IPSOS survey (submission by the Parties to ECA, 10 May 2019, Annex 8, p.42).
[65] Submission by the Parties to ECA, 6 March 2019, §6.19.

services.[66] Consequently, as shown in Uber's submission[67], one of the main reasons to use the ride-hailing apps is that riders will not have to negotiate the price of the trip.

- *Negotiated fares*. The Parties' statement[68] that negotiating fares is similar to dynamic pricing may not be valid. While surge[69] is known before the start of a trip, negotiations mostly occur at the end of the trip. Moreover, negotiation, unlike surge, is not restricted to peak hours. In and does not happen due to a supply-demand mismatch. Negotiating fares is highly dependent on informal factors and does not rely on an advanced calculation using pricing algorithms as the surge pricing.

- *Price predictability*. App–hailed passenger vehicles may be more price predictable than taxis because they provide an estimated price for the trip fare before the ride. This option is not available with taxi services, unless riders expect the trip price by taking into consideration the distance and the duration of the trip by themselves. This predictability is essential for riders, as [*]% of riders reportedly choose to use Uber because they know how much the ride is going to cost them.[70]

- *Payment options*.

    - The Parties submitted that "*payment options are also not a significant distinguishing factor. While ridesharing firms differ from traditional taxis in being willing to accept electronic payment, around [*]% of Uber's trips in Egypt are paid in cash. Thus, in terms of payment there is no difference with taxis for [*] of riders. The availability of electronic payment provides flexibility to riders and may influence the choice of some riders on some occasions, but it is not a basis for defining separate markets*."[71]

    - Contrary to Uber's statement, ECA notes that card payments and the option of having a virtual wallet may be beneficial for customers, whether local or foreign. There are several reasons why riders may prefer a cashless payment. Drivers may not always have exact change, while with card payments, the specific trip price specified on a check is charged from the rider's card immediately. Not having the need to carry around cash reduces safety concerns for riders.[72] The cashless

[66] Ibid.
[67] IPSOS survey (submission by the Parties to ECA, 10 May 2019, Annex 8, p.42).
[68] Submission by the Parties to ECA, 6 March 2019, §6.26.1
[69] Uber has explained to ECA that surge is "*automatically applied when demand outstrips supply by a significant amount in a given area at a given time, to attract additional drivers and help ensure that riders who really want a ride can get one*" (submission by Uber to ECA, 5 February 2019, p. 3). Careem provided a similar definition (submission by Careem to ECA, 28 February 2019, p. 2).
[70] IPSOS survey (submission by the Parties to ECA, 10 May 2019, Annex 8, p.42).
[71] Submission by the Parties to ECA, 6 March 2019, §6.26.5
[72] Did you know that 74% of Uber riders globally pay for their rides with credit card? Uber Blog, 29 September 2017. Available at: https://www.uber.com/en-UA/blog/cash-and-card-ua-en/.

payment option is also attractive to foreigners, who may prefer app-hailed passenger vehicles over taxis for that reason.

- This conclusion was confirmed by the Parties' findings: [*]% of Uber and Careem users prefer to use its services because of the cashless payment option they provide.[73]

b) Non-price-related factors

78- Price is not the only driver for rider's choice, other non-price factors play an important role in determining consumer choice.

79- Three of the four characteristics represented in Figure 1 – quality, reliability, and safety – are non-price related. [74] As shown in Figure 1, app-hailed passenger vehicles are more reliable and better in quality and safety:

Figure 1: Comparison of price and non-price factors

[*]

Source: Source: Submission by the Parties to ECA, 6 March 2019, Figure 2

80- Similarly, Uber stated in its Prospectus that: "*Consumers choose to use our Ridesharing products based primarily upon a combination of wait time, quality of service, safety, app functionality, brand recognition, support, convenience, and price. Drivers choose to drive on our network based primarily upon a combination of earnings potential, app functionality and convenience, service, safety, brand recognition, rewards programs, and support*."[75] This statement also confirms the importance of the non-price-factors provided by the Parties from the consumers' perspective, both rider and driver.

81- These findings are also supported by those in the ECA survey. Table 1 ranks the non-price factors that drive consumers based on their preferences.[76] As shown in Table 1, price is considered the fourth factor that determines riders take into consideration when choosing a mode of transportation, while quality, familiarity with using the application and reliability are main factors in determining a consumer's choice.

[73] IPSOS survey (submission by the Parties to ECA, 10 May 2019, Annex 8, p.42).
[74] Submission by the Parties to ECA, 6 March 2019, §6.18.
[75] Uber Technologies Inc., Amendment No.1 to Form S-1 Registration Statement, 26 April 2019, p. 154. Available at: https://www.sec.gov/Archives/edgar/data/1543151/000119312519120759/d647752ds1a.htm.
[76] The question was a multiple answer question; the same respondent could choose several reasons why he uses the ride-hailing applications. Consequently, the sum of each factor does not sum up to 100%.

Table 1: Riders' ranking of price and non-price factors when considering a mode of transportation		
Rank	Factors	Weight
1	Quality	68%
2	Familiarity with using the application	66%
3	Reliability	51%
4	Price	39%
5	Safety	19%

Source: ECA survey data

82- While price may generally affect the rider's choice, its weight in assessing the substitutability between app-hailed passenger vehicles and street-hailed taxis is lower than the other non-price factors. ECA studies and the Parties' submissions show that the more significant factor in driving consumer's choice is the non-price aspect; and so, price alone cannot identify the competitive constraints each mean places on the other.

83- Henceforth, ECA will further analyze the main non-price factors that drive the choices of consumers: safety, quality and reliability.

- *Safety.* ECA has found that app-hailed passenger vehicles are generally safer compared to street-hailed taxis.

    - Drivers of app-hailed passenger vehicles are required to comply with higher service standards compared to white taxi standards. By way of illustration, the ride hailing companies entail some extra requirements from the driver such as a criminal record and drug tests.[77]

    - Moreover, ride-sharing companies have a better ability to monitor compliance of their drivers with their service standards, as riders can rate drivers after the ride. [*]% of Uber and Careem users prefer app-based ride-hailing because they can access their partner-driver's profile on the platform. [78]

    - The Parties' applications are also characterized by GPS tracking, which increases safety perception for rider.[79] [*]% of Uber and Careem prefer using these services

[77] How to Drive with Uber in Egypt, Uber. Available at: https://www.uber.com/en-EG/drive/requirements/.
[78] IPSOS survey (submission by the Parties to ECA, 10 May 2019, Annex 8, p.41).
[79] Ibid., p.42.

because they can share their live location with friends or relatives, making them feel safer. Contrary to the Parties' views, safety is not simply an improvement to the current street-hailed taxi model,[80] but is instead a service unique to app-hailed passenger vehicles: without an application with a GPS system, it is impossible for street-hailed taxis to enable this safety feature as seamlessly.[81]

- Heavy tourism throughout Egypt render these features more valuable from the riders' perspective, especially that there is international reputation that white taxis are less safe.[82]

- Therefore, app-hailed passenger vehicles are widely regarded by riders as a safer option than street-hailed taxis.

- *Quality*. ECA has found a number of differences in the quality of street-hailed taxis and app-hailed passenger vehicles.

  - Drivers of app-hailed passenger vehicles are obliged to maintain certain standards: they cannot or use their phone in-ride, they have to follow GPS routes unless otherwise requested by the rider, and they must keep their vehicles air-conditioned and clean. Uber's submissions shows that [*]% use Uber and Careem services for perceivably better car cleanliness and driver behavior[83] and ECA's survey shows that 68% of Uber and Careem riders prefer ride-hailing services because of its quality including behavior of the drivers and the cars' quality.

  - App-based ride-hailing companies provide customer support services, which reassures riders and upkeeps quality standards. This is not available for street-hailed taxis.[84]

  - The quality of cars accepted for app-based ride-hailing is higher: the requirements of makes and models or often more stringent and of a higher standard than those used with street-hailed taxis. Cars are inspected by a third party before their admittance.[85]

[80] Submission by the Parties to ECA, 6 March 2019, §6.23.
[81] The Parties have stated in §4.18 of the HSF Response that riders can technically use mapping applications on their phones while in a street-hailed taxi to track their location. ECA does not perceive this as a perfect substitute to the feature in question, as a) the in-app GPS is easier to use, and b) the driver of an app-hailed passenger vehicle will know they are being tracked, which may decrease the chance of incidents taking place.
[82] IPSOS survey (submission by the Parties to ECA, 10 May 2019, Annex 8, p.12); Foreign Travel Advice: Egypt, Gov.uk, 4 March 2019. Available at: https://www.gov.uk/foreign-travel-advice/egypt/safety-and-security.
[83] IPSOS survey (submission by the Parties to ECA, 10 May 2019, Annex 8, p.41-42).
[84] Submission by the Parties to ECA, 6 March 2019, §6.26.4.
[85] How to Drive with Uber in Egypt, Uber. Available at: https://www.uber.com/en-EG/drive/requirements/.

- White Taxis do not offer these quality-related advantages and are hence materially distinguished from app-hailed passenger vehicles from the standpoint of riders.

- *Reliability.*

  - According to the Parties' submissions, app-hailed passenger vehicles are more reliable than street-hailed taxis: [*]% of riders use ride-hailing services due to the cars' prompt availability, while [*]% use these platforms because they can easily find a ride.[86] ECA's survey shows the same findings: 51% perceive the ride-hailing service as a more reliable means of transportation compared to the other means.

84- Since it is very likely that price is not the only incentive that drives the consumers' choice, and as the Parties have also submitted that non-price factors play an important role in driving the consumer choice, ECA has given weight to the other non-price factors in its analysis.

85- ECA noticed that, in terms of usage and characteristics discussed in the section above, consumers perceive the ride-hailing service as a mean of transportation which is safer, better in quality, and is more reliable as opposed to street-hailed taxis, placing the two services in separate markets. This is further tested by assessing consumers' ability to switch below.

Willingness to switch

86- ECA will test consumers' willingness to switch through different quantitative and qualitative tests. The following section tests rider diversion between the products and then assesses the ability of a hypothetical monopolist to profitably raise its prices without incurring significant losses, based on these diversions.

a) Rider side

87- The following section assesses the ability of riders to switch between app-hailed passenger vehicles and street-hailed taxis to define the relevant product market within which a hypothetical monopolist could impose a Small Significant Non-Transitory Increase in Price (SSNIP Test), using the maximum value of 10%. Single-homing users are asked how will they respond to a 10% general price increase in one platform. While multi-homers are asked how will they respond to a 10% general price increase in both platforms.

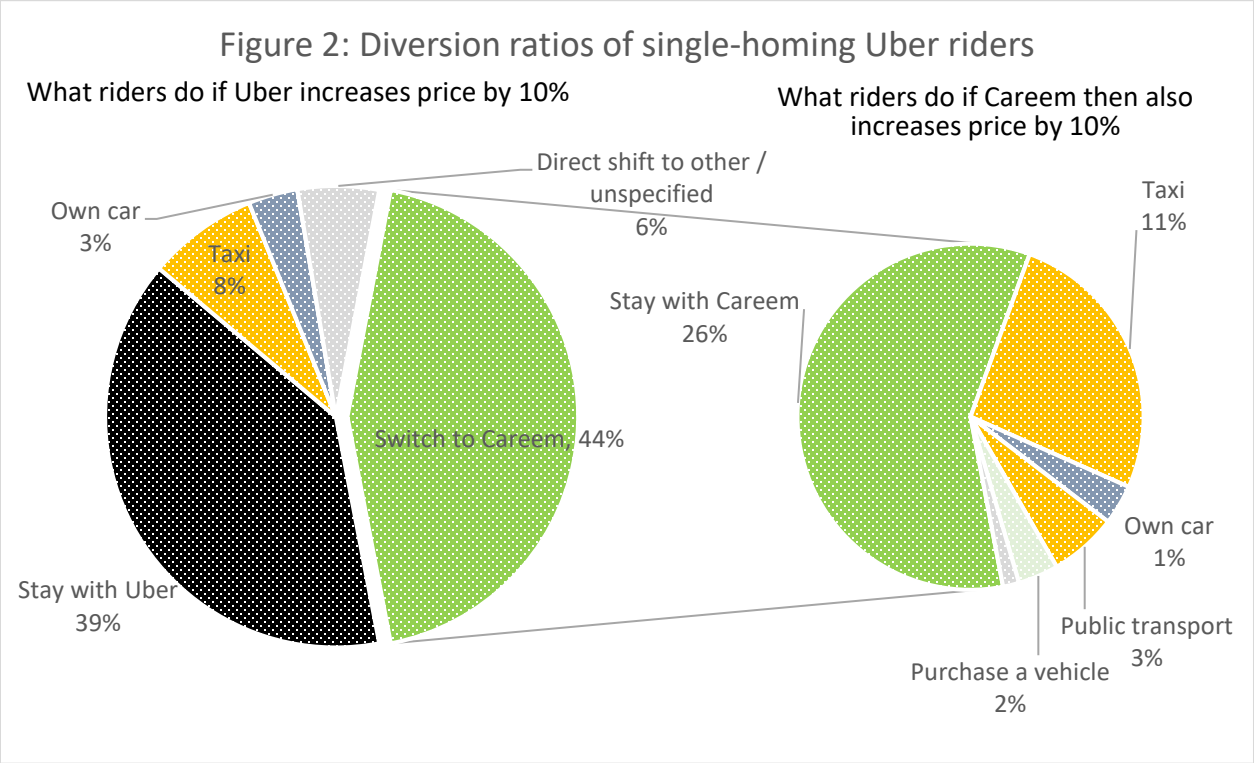
88- This is based on the ECA survey, which was conducted in 2019 on single- and multi-homing riders. 5570 riders were asked whether they were a use of ride-hailing services, of which 1006 said yes. The analysis below is therefore based on 1006 responses. The survey

[86] IPSOS survey (submission by the Parties to ECA, 10 May 2019, Annex 8, p.41).

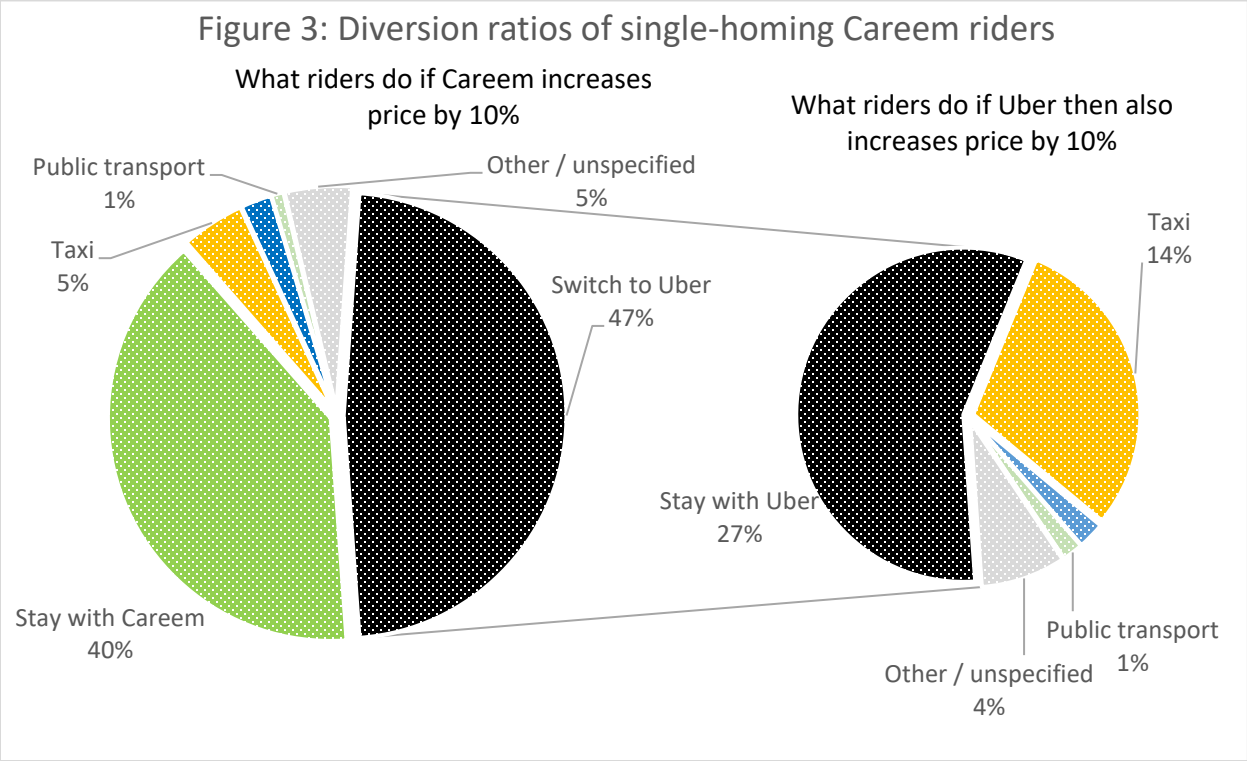
consists of three sub-surveys: 1) survey for only Uber riders (Figure 2), 2) survey for only Careem riders (Figure 3) and 3) survey for the multi-homers, who use both Uber and Careem (Figure 4).

Survey and question	Results
Uber riders (Figure 2)	83% of Uber users would continue using the ride-hailing applications (whether Uber or Careem) in response to a 10% price increase of Uber. Among those 83%, 39% would continue using Uber and 44% would shift to Careem. 8% would shift to White Taxis, 6% did not specify which option they would shift to, 3% would use their own personal vehicles cars, and none would shift to public transportation. Of the 44% who would switch to the closest competitor, Careem, 26% would remain Careem users regardless of an additional10% price increase by Careem and only 11% would shift to White Taxis, 3% to Public Transportation, 2% would purchase a vehicle, and 1% would take their existing vehicles. Therefore, in response to a general price increase of 10% by both Uber and Careem, 65% of Uber users would remain ride-hailing users by either continuing to use Uber or switching to Careem. 19% may divert to White Taxis.
Careem riders (Figure 3)	87% of Careem users would continue using the ride-hailing applications (whether Uber or Careem) in response to a 10% price increase in Careem. Among those 87%, 40% would continue using Careem and 47% would switch to Uber. 5% would shift to White Taxis, 5% did not specify which means of transportation they would switch to, 2% would take their own cars and 1% would use public transportation. Of the 47% who would switch to the closest competitor, Uber, 27% would continue to use Uber irrespective of a 10% price increase of Uber as well, 14% would divert to White Taxis, 4% did not specify, 1% would take their private car, and 1% would go for public transport. Therefore, in response to a general price increase of 10% by both Uber and Careem, 64% of Careem users would remain ride-hailing users by either continuing to use Careem or switching to Uber. 19% may divert to White Taxis.

Multi-homers (Figure 4)	Riders who use both Uber and Careem alternately will do the following if there is a 10% price increase in the prices of both companies: 60% of them will continue using both, 16% will shift to White Taxis, 10% would use public transportation, 10% would use other means of transport, and 4% would take their own cars.
Summary After measuring the diversion ratio as a result to a 10% price increase in the ride-hailing services of both companies operating in the ride-hailing market (Uber and Careem), ECA indicates that 64% of the respondents would either continue using the same application or shifting to the other closest ride hailing competitor, and only 18% would divert to a White Taxi.	



Source: ECA survey data

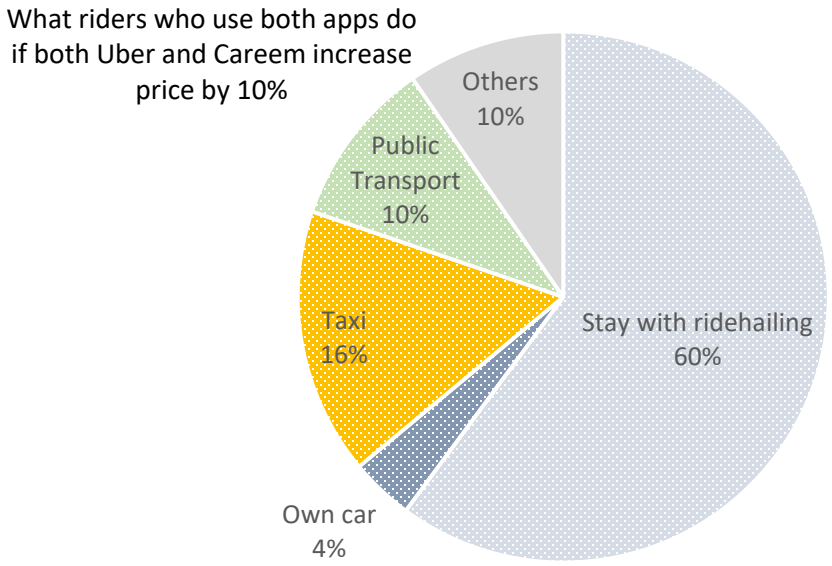


Source: ECA survey data

Critical Loss Analysis

89- ECA conducted a Critical Loss Analysis (CLA) to test the relevant product market indicated above.[87] The CLA assesses whether it would be profitable for the hypothetical monopolist to raise its prices by a certain percentage value above a competitive price without making lower profit. The answer to this question would determine the relevant product market as the smallest market that would be profitable to monopolize.

Figure 4: Diversion ratios of multi-homing riders



Source: ECA survey data

90- Assuming free entry and exit of drivers, it is reasonable to assume that drivers will not make sustainable super-normal profits, and that the only relevant margin is that of the ride-hailing firm itself.

91- Further assuming that the current commission of [*]% is a reasonable proxy for commission in a competitive market, the absolute upper bound of margin will be [*]%, assuming that ride-hailing firms have no variable costs. However, ride-hailing firms appear to have very significant variable costs in the form of, at the very least, driver and rider rebates, promotions, and guarantees. It is hence apparent that the ridesharing industry appears to be relatively low-margin at competitive equilibrium.

[87] While ECA understands the limitations of the CLA and the difficulty of determining the appropriate margin to use in the analysis, ECA finds the CLA an appropriate methodology given the available data and the nature of the analysis required by ECL.

92- Based on ECA's analysis of historic Uber and Careem data in Egypt, it is difficult to believe that the equilibrium margin could be more than [*]%. Indeed, it appears very likely to be less than [*]%. This statement is confirmed as the highest margin that both Parties reached in 2018 is [*]% for Careem and [*]% for Uber. This conclusion is also supported by various statements from the Parties.[88]

93- The Critical Loss Test, based on a competitive margin of less than [*]% and a diversion away from ride-haling of 36% in response to a 10% increase in price, shows that a monopolist app-hailed passenger vehicle firm would be able to profitably raise price by 10% for a non-transitory period of time (Table 2).

94- ECA therefore concludes that a technical analysis of substitution supports the conclusion that the relevant product market is that of app-hailed passenger vehicles, and that the competitive constraints from White Taxi is insufficient to constrain the price-increasing incentive and ability of a hypothetical monopolist in that market to raise profitably its prices.

Table 2: Critical Loss Analysis

	Margin (m)	Price (X)	Critical loss	Reported diversion away from ridesharing in response to 10% increase	Result of Critical loss test
Scenario	[*]%	10%	[*]%	36%	A price increase of 10% would be profitable
Justification	- Conservative estimate of margin. - It is more likely to be <[*]%	Assumed within the SSNIP test adopted above	Equation: X/(X+m)	Reported diversion was estimated according to ECA survey.	As the reported diversion (actual loss) < critical loss

[88] Uber Technologies Inc., Amendment No.1 to Form S-1 Registration Statement, 26 April 2019. Available at: https://www.sec.gov/Archives/edgar/data/1543151/000119312519120759/d647752ds1a.htm. P. 27: "We have incurred significant losses since inception, including in the United States and other major markets. We expect our operating expenses to increase significantly in the foreseeable future, and we may not achieve profitability."; p. 104: "We expect Core Platform Contribution Margin to remain negative in the near term due to, among other factors, competition in ridesharing and planned investments in Uber Eats based upon our long-term growth expectations for Uber Eats."

				The results yielded that it ranges from 28% to 38%	

95- Therefore, by running different quantitative tests based on the responses to the ECA rider survey, and in reference to different Parties' statements, street-hailed taxi services are not considered a practical and objective substitute to app-hailed passenger vehicle services from the rider side of the market.

b) Driver side

96- ECA also notes a qualitative restriction on the drivers' ability to switch between the two services. In order to drive a street-hailed taxi, drivers are required to obtain a professional license[89], which varies according to the size of the means of transportation and the capacity of the vehicle. It is worth noting that the issuance of taxi licenses has been suspended since 1996, and any new entrant would have to purchase a pre-owned taxi with a valid taxi license.[90] Therefore, the ability of drivers to switch between driving an app-hailed passenger vehicle or a street hailed-taxi is very limited for technical and legal reasons.

97- Therefore, with regards to the product characteristics and the ability to switch between app-hailed passenger vehicles and street-hailed taxis, ECA is of the view that on balance, street-hailed taxis are outside the relevant market from both the riders' and drivers' perspectives.

98- The relevant product is hence the app-hailed passenger vehicle market, which does not include White Taxis, for several reasons: 1) the price and non-price factors characterize the service provided by app-hailed passenger vehicle service-providers, 2) the unlikely willingness to switch to other transport means in response to a hypothetical 10% price increase and 3) the ability of a hypothetical monopolist of the suggested market to raise its prices.

[89] Traffic Law (No. 66 of 1973); Traffic Law (No. 121 of 2008):

- Private driving license: permits its holder, who is not a driver in profession, to drive a private car, and to drive taxis that work in tourist transport, agricultural tractors for personal use, and light transport vehicles with load capacity not exceeding 2.000 kg.
- Third Class Driving License: permits its holder, who is a driver in profession, to drive the taxi and the bus vehicles with maximum passenger capacity of 17 passengers as well as the vehicles described in the previous paragraph.
- Second Class Driving License: permits its holder to drive taxis and the bus vehicles with passenger capacity of 17 passengers and up to 26 passengers, transport vehicles and heavy equipment, and also to drive the vehicles specified in the preceding two items. This license may be issued only after at least 3 years after the date of obtaining the license referred to in point (2).
- First Class Driving License: permits its holder to drive all kinds of vehicles. The driver cannot issue this license at least 3 years after the issue date of the license referred to in point (2).

[90] Meeting between ECA and [*], 11 December 2018.

3.2.1.2.6. App-hailed taxis

99- In 2016, a different type of transport service emerged, app-hailed taxi services. App-hailed taxi services essentially describe traditional White Taxis which can be hailed through an application platform.

100- To analyze the extent to which app-hailed taxis are a proper substitute to app-hailed passenger vehicles, ECA will analyze the use and characteristics of the former compared to those of the latter as well as the ability of users to switch to the app-hailed taxi service in response to a relative price change or other change in any competitive factors. The substitutability of these products is measured from both rider and driver perspectives.

Characteristic	Ability to switch from riders' perspective	Ability to switch from drivers' perspective
License		In reference to the previously-mentioned laws and regulations[91], drivers of app-hailed passenger vehicles are exposed to legal and financial barriers to enter the app-hailed taxi service market. These barriers are similar to the barriers affiliated with entering the market for street hailed taxi service, since the driver would need a professional driving license[92] and a taxi license.[93]
Safety and quality	A third-party consultation clarified that the categories of customers using its app-hailed taxis service were different than those using the app-hailed passenger vehicle service. From the rider side, the third party reported that riders who deal with app-hailed taxi companies are Class "C" customers, while customers who use app-hailed passenger vehicles are categorized as Class "A" and "B" customers.[94]	Drivers with an appropriate taxi license can drive either app-hailed taxis or street-hailed taxis. In the case of the former, the driver can receive transportation orders either through street-hailing or through the platform application. Therefore, it is difficult to guarantee that the taxi driver would reject a street-hailed trip for an app-based request. This affects the availability of app-based taxis compared to the app-based passenger vehicles, which can only be requested

[91] Traffic Law (No. 66 of 1973); Traffic Law (No. 121 of 2008).
[92] Ibid.
[93] Meeting between ECA and the Traffic Department of Darassa, 11 December 2018.
[94] Meeting between ECA and [*], 12 December 2018.

	The car models that can be licensed as taxis are very limited and are of a lower standard than those used for app-hailed passenger vehicles.	via the platform, which significantly increases the Estimated Time of Arrival (ETA).

101- Moreover, the percentage of the app-based white taxi trips compared to the total trips (the app-based passenger vehicle trips and the app-based taxis trips), as shown in Figure 5 did not exceed [*]% since the launch of the app-based white taxi service in Egypt by Careem. This small percentage suggests that the customers did not perceive the app-hailed White Taxis as a substitute; they did not significantly shift to White Taxis since their launch, even though they are cheaper in price compared to app-based passenger vehicles and given the absence of the peak factor in the app-based taxis pricing (Figure 5).

[*]

Source: Careem's historical data

102- This suggests that, for both riders and drivers, app-hailed taxi services should not be considered a practical and objective substitute to the service provided by app-hailed passenger vehicles.

3.2.2. Geographic market

103- Uber serves 9 governorates in Egypt. Careem operates in around 18 areas, including the geographical areas covered by Uber. Hence, the Parties' activities cover and overlap in different governorates across Egypt.

104- Given the nature of ride-hailing activities, ECA recognizes that competition occurs at a governorate level.

105- Where necessary for its assessment, ECA will focus on specific governorates. Given that Uber states "that Cairo [makes] the Egyptian capital the fastest growing city in the region for the car-hailing application"[95], ECA may be more focused on Cairo as it represents the largest part of the Parties' business in Egypt.

Conclusion

106- ECA comes to the conclusion that the relevant product market is app-hailed passenger vehicles on the rider and driver sides. For riders, the aforementioned services are not

[95] Cairo fastest growing city in MENA with 30,000 drivers, says Uber Egypt, Ahram Online, 14 August 2016. Available at: http://english.ahram.org.eg/NewsContent/3/12/238745/Business/Economy/Cairo-fastest-growing-city-in-MENA-with-,-drivers,.aspx.

substitutes for the relevant product due to the differences in the characteristics and usage of the services, and their perceived unwillingness to switch. For drivers, the driving of buses, scooters, tuk-tuks, and White Taxis is not a substitute for driving app-hailed passenger vehicles due to licensing requirements and other issues related to standards. The relevant geographic market is Egypt.

4. Competition assessment

107- After defining the relevant product market as the app-hailed passenger vehicle market, ECA proceeds to assess, from a competition law perspective grounded in ECL, the current and envisioned structure of the market, characterized by the position of the Parties on it; the following section addresses: 1) the features of the ride-hailing market in general, 2) the pre-transaction closeness of competition between Uber and Careem, and 3) the barriers to entry and expansion on the market.

4.1. Features of the Egyptian ride-hailing market

108- At the outset of ECA's competition assessment and for the purpose of clarity, the following section lays out a basis of how ECA views the Egyptian ride-hailing market. These points are laid out to provide context for the rest of the assessment and to identify the features that ECA finds specific to this nascent market as it currently operates in Egypt.

109- The Egyptian ride-hailing market as a whole can be described as a two-sided sided market with network effects and multi-homing users[96], regulated by an inadequate framework.

110- *Two-sided*. The ride-hailing market is composed of platforms that match riders to drivers, and can hence be seen as two-sided sided market with network effects.[97]

111- *Network effects*. Two-sided markets are characterized by network effects. Where network effects are important, building a sustainable network requires the new entrant to replicate at least a large part of the network of the incumbent in the ride hailing to ensure effective competition. Due to the network effects present on the market, more drivers use the service, the more riders are incentivized to use it. As technology companies, the networks of ride-hailing service providers "become smarter with every trip".[98] More specifically, however, ECA shares CRA's position that ride-sharing markets exhibit "indirect network effects".[99] Indirect network effects are actually harder to replicate than direct network effects, as market players are required to build two types of consumers who interact with each other.

[96] Marc Rysman, The Economies of Two-Sided Markets, Journal of Economic Perspectives, Vol. 23, No .3, p. 125-143.
[97] Ibid.
[98] Uber Technologies Inc., Amendment No.1 to Form S-1 Registration Statement, 26 April 2019, p.92. Available at: https://www.sec.gov/Archives/edgar/data/1543151/000119312519120759/d647752ds1a.htm.
[99] CRA Response, p. 6

112- *Multi-homing*. Multi-homing is the use by a single consumer of different providers of the same service. It is a characteristic that may distinguish the ride-hailing market from some other technology based services. Differences in price and quality motivate consumers to switch from one provider to the other in order to receive the most convenient service. While single-homing markets are a prime example of a "network effect creating monopoly", multi-homing significantly increases competition in a market.

113- *Absence of adequate regulation.* At the time of drafting of ECA's preliminary assessment (the Statement of Concerns dated 24 May 2019), the applicable regulation was The Law Regulating Road Transport Services Using Information Technology (No. 87 of 2018). It was later enacted with the release of the Executive Regulations on 18 September 2019 (through Ministerial Decree No. 2180). ECA is of the opinion that the law and its Executive Regulations do not adequately address the market in question; it is currently drafted in a way that makes entry more difficult for small players to enter the market due to high licensing fees and long-winded driver registration processes.

114- In this context, ECA analyzes the closeness of competition between the two Parties and the existing barriers to entry and expansion.

4.2. Market shares and market concentration

115- Market shares and concentration levels "provide useful first indications of the market structure and of the competitive importance of both the merging parties and their competitors".[100]

116- For that purpose, following international best practices[101], ECA focused first on calculating the market shares of the undertakings operating in the relevant market, that of app-hailed passenger vehicles[102] on country level[103], to assess the market structure and analyze the closeness of competition between the Parties subject to the transaction.

117- In relation to the market structure, the Parties provided, in their notification to ECA, their market shares based on the number of passenger trips (by volume) and on their gross bookings (by value).[104]

[100] European Commission, Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ 2004/C 31/03, 5 February 2004, §14.
[101] Ibid., §15.
[102] This is explained below in Section 4.3.
[103] This is scope is based on the following explanation from the Parties: "*Uber's "Cairo" and "Alexandria" service areas also include some of the surrounding towns and cities. Uber treats each of these areas as a single geographic area, and tracks trips at the service area level. Careem tracks trips in Cairo, Alexandria and the "Rest of Egypt". For Careem, the rest of Egypt includes Sahel (Al `Alamayn), which Uber would consider part of the Alexandria area, and Banha which Uber considers part of the Cairo area (based on the definitions since February 2019)*" (Mergers and Acquisitions Notice, submitted by the Parties to ECA on 7 April 2019, footnote 21).
[104] Mergers and Acquisitions Notice, submitted by the Parties to ECA on 7 April 2019, pp. 33, 36.

118- ECA agrees that market shares based on both number of matched trips and gross bookings, adopted by the Parties and other jurisdictions[105], can be an accurate indicator of actual market position. ECA has hence used the number of matched trips and gross bookings as basis to calculate market shares for the relevant market.

119- Generally, during the time-frame of ECA's analysis of market shares (from July 2017 to December 2018), the only two players on the market were Uber and Careem. However, from March 2017 to June 2017, there was an unsuccessful entry of a ridesharing company, PQ, onto the market.[106] During PQ's operation on the market, its market share was almost negligible compared to that of Uber and Careem.

120- ECA concludes that Uber and Careem are the only market players having a 100% market share combined. Uber had a substantially higher market share since the beginning of its operations in Egypt until present time, implying the existence of a significant market position.[107]

121- Below, ECA demonstrates that pre-transaction, Uber had a strong market position and that post-transaction, the market is considered a purely monopolistic market.

4.2.1. Market Shares: by volume and by value

Basis of Calculation	Number of matched trips (by volume)	Gross bookings (by value)[108]
Time Frame	Market shares are calculated based on the number of matched trips in the relevant market, on a quarterly basis, from July 2017 - December 2018.	
General Observations	• In reference to the Parties' historical data,[109] ECA finds that the acquirer's market share, based on the number of matched trips and gross bookings exceed [*]% over the specified period of time. • The market share of the post-transaction entity is 100%. (Tables 3 and 4)	

[105] Competition and Consumer Commission in Singapore (CCCS), Section 68 of the Competition Act (Cap. 50B), Case No. 500/001/18, 24 September 2018, §182; Competition Commission of India, Case No. 96 of 2015, 10 February 2016, p. 11.

[106] PQ provided app-hailed passenger vehicles and went out of business in June 2017, 3 months after entry. It has been suggested that PQ shut down due to its inability to match Uber and Careem's rider and driver incentives.

[107] European Commission, Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ 2004/C 31/03, 5 February 2004, §17.

[108] This is based on the definition provided by the Parties in the Notification: "*total fares refer to "gross bookings", i.e. the fare paid by the rider before any promotions*" (Mergers and Acquisitions Notice, submitted by the Parties to ECA on 7 April 2019, p. 31).

[109] This is based on the data provided by Uber to ECA on 5 February 2019, which "*includes all rides products, including UberX, UberSelect and Scooter. UberX comprises approximately [*]% of the total trip volume in Egypt*" (Submission by Uber to ECA, 5 February 2019, p. 13). The scooter trips have no significant weight in the total number.

Trends and Variations (Figures 6 and 7 for the "by volume" and "by value" analyses respectively)	• In the last two quarters of 2017, Uber continuously lost market share to Careem. • The decline in Uber's market share stopped and reached [60 - 70]% in the third quarter of 2018. • Uber's had a market share of [70 - 80]% in the last quarter of 2018. • Careem's market share increased at the expense of Uber's in 2017. • Careem's market share declined in 2018, reaching [20 - 30]% in the last quarter of 2018.	• Uber's market shares are significantly high, compared to its closest competitor, Careem. • In the last quarter of 2017, Uber lost some of its market share to Careem but re-gained them again in the second quarter of 2018.
Implication of the results (Tables 3 and 4 for the "by volume" and "by value" post-transaction entity market-shares respectively)	• The variability in market shares indicates the active competition between the Parties. • The existence of its closest competitor, Careem, places a competitive constraint on Uber in the relevant market. • The acquirer enjoys a substantial market position in the relevant market and would likely to continue to have market power post transaction.[110] • The post-transaction scenario creates a pure monopoly and any price increase might be profitable due to the Parties' low margin as shown in the CLA analysis conducted in section X. • The post-transaction entity could consequently foreclose the relevant market.	

[*]

Table 3: Quarterly market shares - number of trips

Year	Quarters	Pre Transaction		Post Transaction
		Uber	Careem	Post-Transaction entity
2017	Q3	[60 - 70]%	[30 - 40]%	100%
	Q4	[50 - 60]%	[40 - 50]%	100%

[110] The larger the market share, the more likely a firm is to possess market power. In addition, the larger the addition of market share, the more likely a merger will lead to a significant increase in market power. Therefore, ECA notes that market shares indicate that the acquirer enjoys a substantial market position in the relevant market and would likely to continue to have market power post transaction. See: European Commission, Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ 2004/C 31/03, 5 February 2004, §27.

2018	Q1	[50 - 60]%	[40 - 50]%	100%
	Q2	[60 - 70]%	[30 - 40]%	100%
	Q3	[60 - 70]%	[30 - 40]%	100%
	Q4	[70 - 80]%	[20 - 30]%	100%

Source: Parties' historical data

[*]

Table 4: Quarterly market shares - gross bookings

Year	Quarters	Pre Transaction		Post Transaction
		Uber	Careem	Post-Transaction entity
2017	Q3	[60 - 70]%	[30 - 40]%	100%
	Q4	[60 - 70]%	[30 - 40]%	100%
2018	Q1	[60 - 70]%	[30 - 40]%	100%
	Q2	[60 - 70]%	[30 - 40]%	100%
	Q3	[60 - 70]%	[30 - 40]%	100%
	Q4	[70 - 80]%	[20 - 30]%	100%

Source: Parties' historical data

4.2.2. The Herfindahl-Hirschman Index (HHI)

122- ECA notes that calculating the overall concentration level, using the Herfindahl-Hirschman Index (HHI)[111], in the relevant market provides a useful indication about the competitive situation.[112]

123- Before the consummation of a transaction in a duopoly market, the HHI ranged from 5000 to 6000. Post-transaction, the HHI reaches the maximum value[113] of 10000. This represents pure monopoly in the highly concentrated relevant market. The market would be foreclosed

[111] The Herfindahl-Hirschman Index (HHI) is calculated by summing the squares of the individual market shares of all the firms in the market.

[112] European Commission, Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ 2004/C 31/03, 5 February 2004, §16.

[113] "The HHI ranges from close to zero (in an atomistic market) to 10,000 (in the case of a pure monopoly)". See: Ibid., footnote 18.

due to the absence of any firm in the relevant market that could exert a competitive pressure upon the post-transaction entity.[114]

124- Further, the change in the HHI (known as the 'delta') is a useful proxy for the change in concentration directly brought about by the merger.[115] The delta is the difference between the pre-and the post- transaction HHI.[116]

125- The delta indicates that the transaction would increase the HHI by [*] on average. This represents a concern to ECA and demonstrates the importance of the assessment of the likelihood of non-coordinated effects that may arise if this transaction is consummated.

Table 5: The Herfindahl-Hirschman Index (HHI) – Pre & Post-Transaction

		Based on the volume indicator			Based on value indicator		
Year	Quarters	HHI Pre Transaction	HHI Post Transaction	Delta	HHI Pre Transaction	HHI Post Transaction	Delta
2017	Q3	[*]	10,000	[*]	[*]	10,000	[*]
	Q4	[*]	10,000	[*]	[*]	10,000	[*]
2018	Q1	[*]	10,000	[*]	[*]	10,000	[*]
	Q2	[*]	10,000	[*]	[*]	10,000	[*]
	Q3	[*]	10,000	[*]	[*]	10,000	[*]
	Q4	[*]	10,000	[*]	[*]	10,000	[*]

4.2.3. Diversion and the degree of substitutability

126- The more substitutable the merging firms' product are, "the more likely it is that the merging firms will raise prices significantly."[117]

127- ECA assesses substitutability from both sides of the market: the rider side and the driver side. ECA refers to the rider survey it has conducted[118] to evaluate the degree of substitutability for riders and the diversion ratios using the SSNIP test, to test the closeness of competition between the acquirer and the acquired entities in the relevant market. The findings of the survey show that the Parties are each other's closest competitors.

4.2.3.1. Rider side

128- ECA's assessment of the closeness of competition from the riders' perspective is examined by conducting an analysis on the ECA survey data. ECA's analysis of its survey includes two different methodologies: the first one is based on a "general" question that studies the

[114] Ibid., §25.
[115] Ibid., §16.
[116] Ibid., footnote 19
[117] European Commission, Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ 2004/C 31/03, 5 February 2004, §28.
[118] ECA survey.

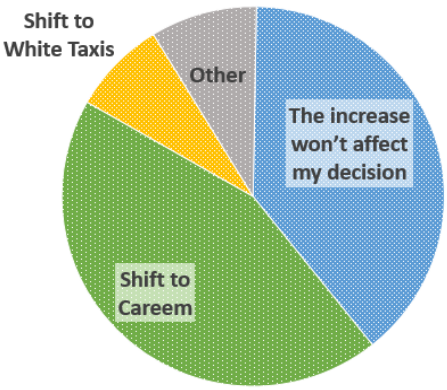
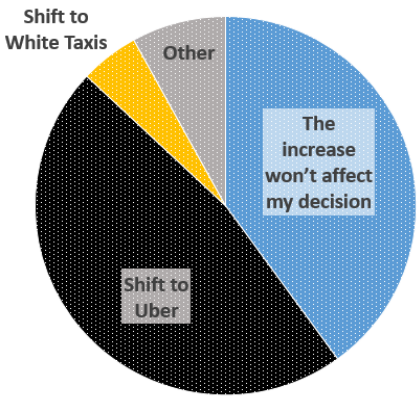
diversion decisions of riders in response to a general 10% price increase, the second one is based on the "last trip" question that studies the reaction of consumers in response to a 10% price increase in their last ride. Table 6 represents the findings of both types of questions. Also, the results of ECA survey are compared with the findings of CRA survey in Appendix X.

4.2.3.1.1. Closest substitutes

129- ECA's assessment is carried out on three sub-categories of consumers: exclusive Uber users (Uber single-homing user), exclusive Careem users (Careem single-homing users), and multi-homing users (those who use Uber and Careem alternately).

130- ECA's survey asks single-homing users about their response following a 10% price increase in one platform. This analysis shows that the Parties' are each other closest competitors. Table 6 demonstrates the diversion ratios of single-homing users.

Table 6: Results of single-homing users

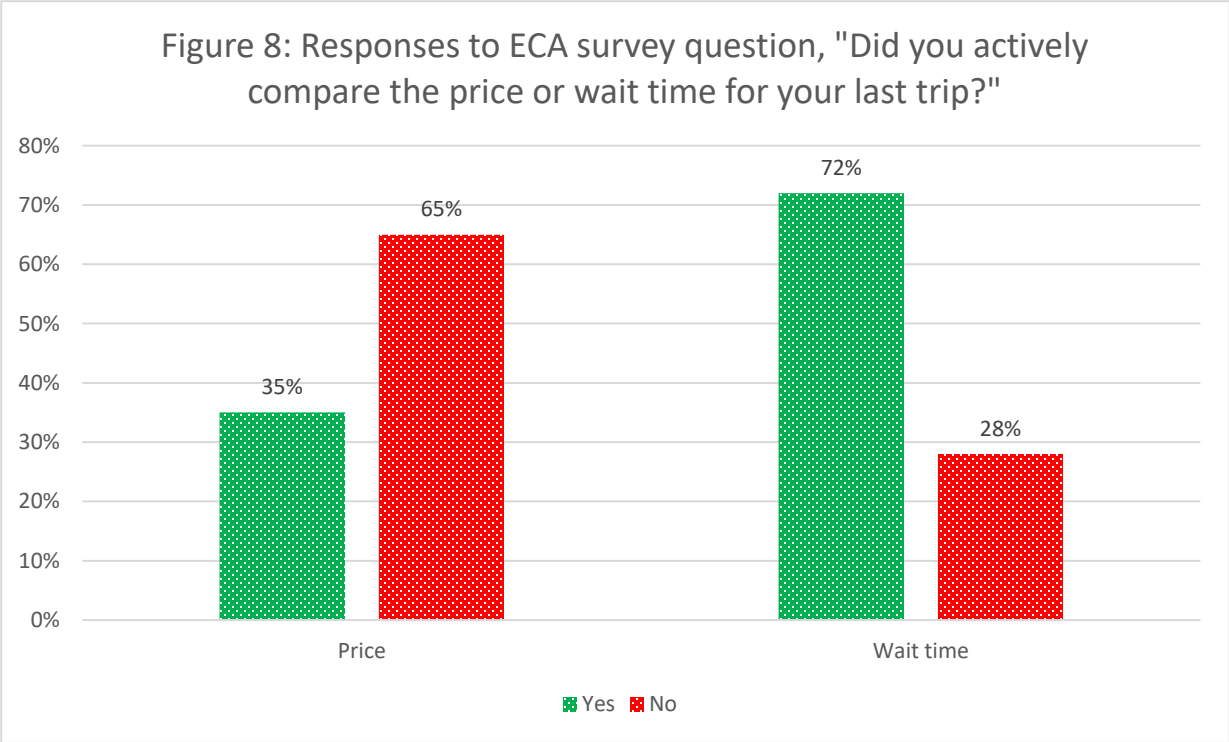
Single-homing Users	How would you react in response to a 10% general price increase in Uber?	How would you react in response to a 10% general price increase in Careem?
Responses	Single-homing Uber users	Single-homing Careem users
Graphical Representation		
Shift to the other platform	44%	47%
The increase won't affect my decision	39%	40%
Shift to White Taxis	8%	5%

Other	9%	8%
Conclusion	The highest diversion for single-homing users is to the other competitor; the diversion to the other competitor is higher than the diversion to any other means of transportation. This implies that the Parties' are each other's closest competitors.	

4.2.3.1.2. Active competition

131- The findings of the single-homing users' analysis reveal that the Parties compete on price factors. This is further supported by the responses of multi-homing users who were asked if they actively compare the prices of the platforms. ECA's survey also shows that the Parties' compete on non-price factors by asking multi-homing users if they actively compare the prices of their last trip.

132- As shown in Figure 8, 35% actively compare the prices between Uber and Careem, Also, Figure 8 shows that the Parties compete on non-price factors such as the quality of the service. 28% of multi-homing users compare the wait time of the last trip in each platform before booking it. This implies that there is not only close competition between the Parties', but that competition between the Parties is active.



Source: ECA survey data

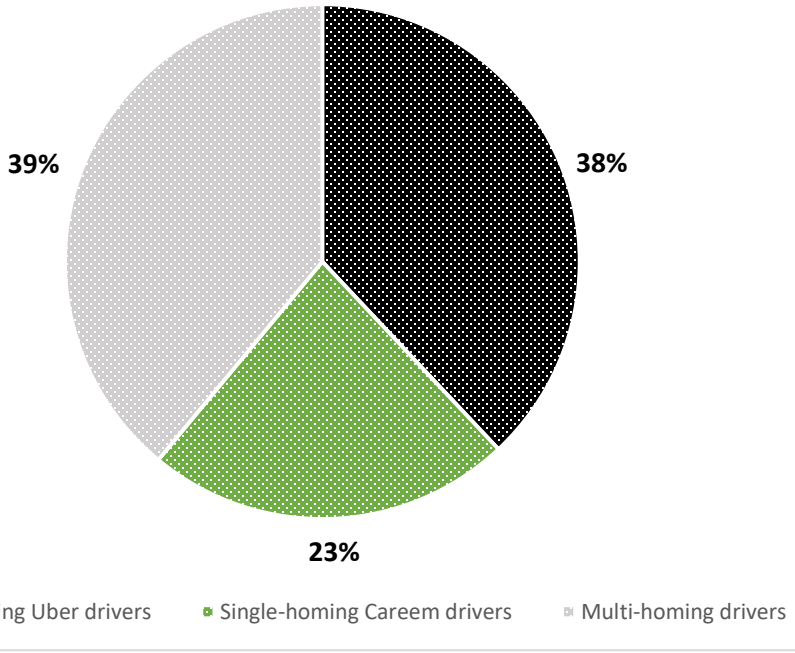
133- These findings confirm that each company exerts competitive pressure on the other due to the high degree of substitutability, the closeness of competition between the two companies

(from the riders' perspectives), combined with the fact that there are no other close substitutes.

4.2.3.2. Driver side

134- The results of the driver survey show that 39% of drivers are multi-homing users of Uber and Careem as shown in Figure 9. This implies that drivers perceive the Parties as close competitors and are willing to switch between them.

Figure 9: Single-homing and multi-homing drivers

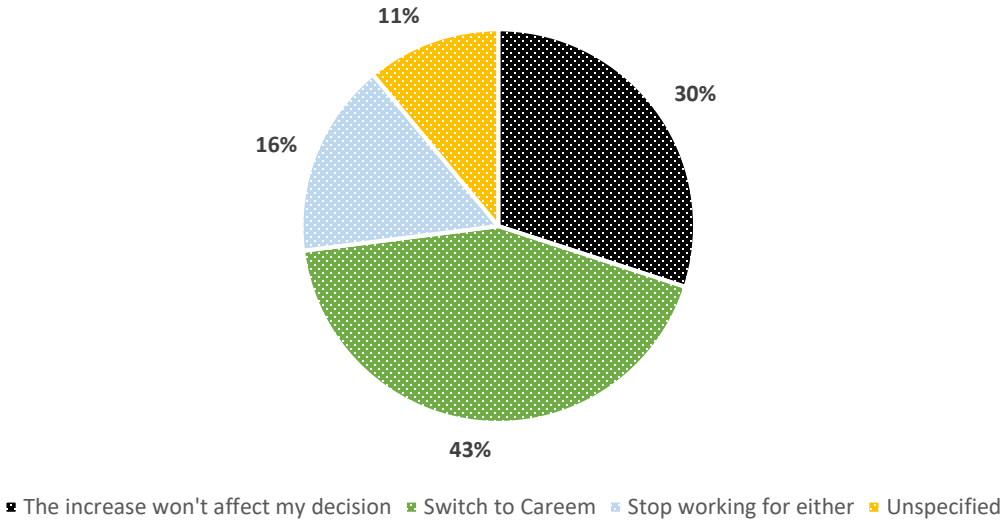


Source: ECA survey data

135- Further, to assess the degree of substitutability between Uber and Careem from the drivers' perspective, ECA asked single-homing drivers what they would do if their income received from working on the platform was reduced by 10%. The results show that 43% of Uber drivers said they would switch to Careem, and 41% of Careem drivers said they would switch to Uber.

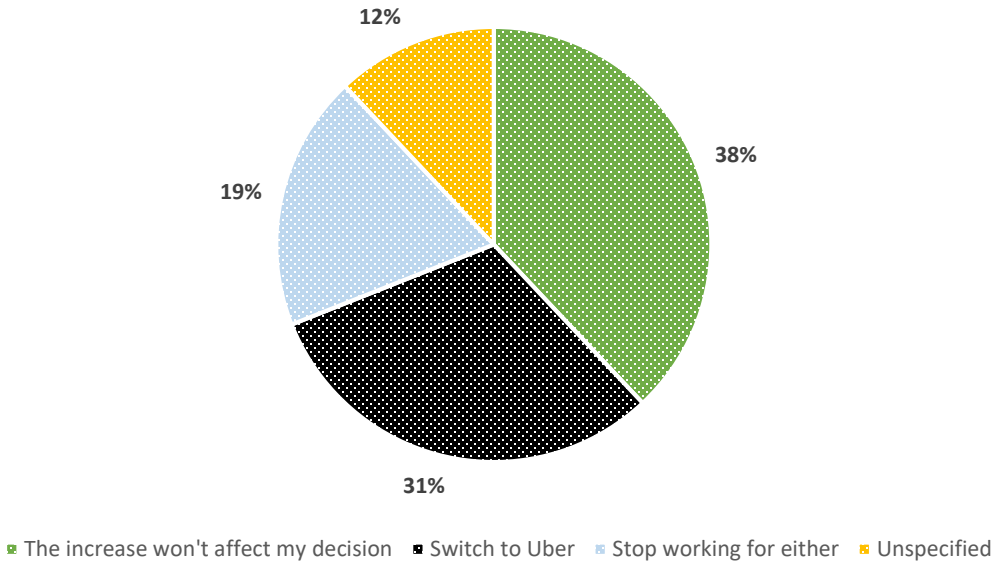
136- The findings of the survey imply that the two firms are each other's closest competitors as the highest diversion ratio is to the other platform. Approximately, more than 60% of the drivers, from either Uber or Careem, prefer to work with one of the companies rather than switching to any other profession.

Figure 10: Reaction of single-homing Uber drivers in response to a 10% decrease in income



Source: ECA survey data

Figure 11: Reaction of single-homing Careem drivers in response to a 10% decrease in income



Source: ECA survey data

137- Therefore, the Parties are considered each other's closest competitors in the relevant market from both the riders' or drivers' perspectives because in the event of a 10% price increase (from the rider side) or a 10% income decrease (from the driver side), the ride-hailing application user would substantially prefer to divert to one of the two companies more than switching to any other transportation means.

4.3. Barriers to entry and expansion

138- The likely, timely, and sufficient entry of a potential competitor may offset possible anti-competitive effects that may arise from the consummation of the transaction. For that purpose, in this section, ECA examines whether the currently existing barriers and/or those created in the post-transaction scenario may deter market entry.[119]

139- The following section will assess whether entry is "likely, timely and sufficient to deter or defeat any potential anti-competitive effects of the merger,"[120] considering the following factors: lack of short-term profitability; the significant requirements and costs to build and manage network density; difficulty of access to funding; the necessity of access to drivers and vehicles; the necessity of access to data; and the existing reputation of the acquiring party.[121]

4.3.1. ECA's criteria of effective entry

140- For entry to be considered effective by ECA, entry must constrain the behavior of the (dominant) post-transaction entity.[122] To effectively mitigate the effects of the transaction and to constrain the power of the dominant entity, entry must be likely, sufficient, and timely.

4.3.1.1. Likely

[119] When assessing the cost of entry, it is incorrect to assess each barrier to entry in isolation from the others. This is because each barrier contributes to the cost of entry, and if the cumulative cost of barriers is high, the less likely effective entry may occur. Ignoring the interaction between each of the barrier essentially disregards the market dynamics and the economic reality of the market. The above sections make it clear that not only will the post-transaction entity be dominant on the app-hailed passenger vehicle market in the short-term, but it may also reduce the chances of potential entry in the medium- or long-term. Entrants will look at the prospects of the market as a whole – including by considering all the barriers to entry.

[120] European Commission, Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ 2004/C 31/03, 5 February 2004, §68.

[121] Given that Uber and Careem are each other's closest competitors on the app-hailed passenger vehicle market, ECA analyzes the extent to which the transaction may increase already existing barriers to entry and expansion and/or contribute to the establishment of new ones. New or increased barriers to entry harm the competitive structure of the market, which may inflict harm on riders and drivers alike. New or increased barriers to entry, discussed in the section on Theories of Harm (Section 5), include increased possibility of personalized pricing and the maintenance of two seemingly independent brands under the control of a single entity. These new or increased barriers to entry will be set out in Section 5 of this document.

[122] European Commission, Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ 2004/C 31/03, 5 February 2004, §69.

141- Likely entry "must be sufficiently profitable taking into account the price effects of injecting additional output into the market and the potential responses of the incumbents".[123] As explained above, "network effects may make entry unprofitable unless the entrant can obtain a sufficiently large market share".[124] For example, if potential entrants believe that post-entry prices will be equal to or lower than their shutdown prices or if there is past evidence that the incumbent can safeguard their market shares, entry may be unlikely.[125] As will be shown below in Section 4.3.4.1, Uber has previously displayed actions that may make entrants foresee difficultly of entering and staying on the market. Entry is also unlikely if there is existing brand loyalty[126] or if the post-transaction entity has superior technology.[127] Both of these factors exist, as shown below in Section 4.3.4.2. Building network density also depends on a significantly large injection of additional output[128] (or incentives, which are the monetary rewards used to attract riders and drivers, the volume of which is illustrated in Section 4.3.3.2) makes it difficult for entrants to replicate at least a large part of the network of the incumbent. Hence, the new entrants may not find it sufficiently profitable to enter the market.

4.3.1.2. Sufficient

142- Entry must be sufficient in scope and magnitude and should not be in a market niche.[129] Entry must be large enough to offset the competition concerns portrayed in the rest of this document. In industries where there is a history of failed entry or declining profitability, potential entrants face greater uncertainty.[130]

143- The Parties have argued that players can enter the market by gradually rolling out services[131], which ECA finds impractical. The argument that network effects can be reached on a micro scale, by gradually launching in certain neighborhoods or districts, is quite controversial. This argument does not hold for app-hailed passenger vehicles as the service-provider cannot determine the drop-off point for the rider or the driver; a significant portion of the trips end in a different zone, and even far from, the starting zone. Therefore, app-hailed passenger vehicles in metropolitan or sizeable cities cannot be gradually rolled out in certain districts; once the service is made available in a "city", it has to be provided throughout the entire city and its suburbs.

4.3.1.3. Timely

[123] European Commission, Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ 2004/C 31/03, 5 February 2004, §69.
[124] Ibid., §72.
[125] Kokkoris and Shelanski, EU Merger Control: An Economic and Legal Analysis, Oxford University Press, 1st Edition, 2-14, pp. 393.
[126] Ibid.
[127] Ibid.
[128] European Commission, Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ 2004/C 31/03, 5 February 2004, §72
[129] Ibid., 75.
[130] Kokkoris and Shelanski, EU Merger Control: An Economic and Legal Analysis, Oxford University Press, 1st Edition, 2-14, pp. 395.
[131] CRA Response, footnote 62.

144- For entry to be timely, it must be sufficiently "swift and sustained to deter or defeat the exercise of market power".[132] Entry is usually considered timely if it occurs within two years.

145- For the entry to be swiftly and timely[133] ECA finds that entrants must have sufficient understanding of the characteristics of the Egyptian market. Foreign companies may find it difficult to understand the market – Careem CEO Mudassir Sheikha has stated that "For a global player to come in and start providing a service to the top 2% to 3% of the population is not difficult, they're used to the convenience … But as soon as you start going down the masses, you require a lot of tailoring".[134] This will also be true for international entrants, even if the possess significant access to funds: "the moat carved out by Careem would be hard for a Western company to easily overcome".[135] Therefore, ECA finds that even if international entrants enter the market, their entry will be delayed until they grasp the specifics of the Egyptian market.

146- What may mitigate the effects of the transaction is the existence of an entrant which achieves the market position of Careem before its exit in a timely manner. In reference to Figure 6 and Table 3, this would mean that the entrant should achieve a market share of about [20 - 30]% in its first year of operation and then continue to grow.

147- To do so, an entrant would have to compete with the incumbent's network density – which ECA considers to be the same network density Careem enjoyed prior to the consummation of the transaction.

148- The Parties have stated that "network effects are quickly replicable and there is globally significant funding to sustain loss-making operations for an extended period".[136]

149- However, relying on the ECA survey, which shows that 20% of riders multi-home[137], and accounting for the Parties' strategy to maintain two separate applications in the post-transaction situation and share the same pool of drivers and riders, the incumbent's network density will reach approximately [*] thousand riders and [*] thousand drivers.[138] A new entrant would need to replicate this network density in order to reach a sufficient utilization rate for the drivers and an optimum expected time to arrival.

150- For comparison, the highest utilization rate Uber has reached in Cairo was [*]% in July 2016, when Uber had built a network of [*] thousand riders approximately and [*] thousand drivers (see Figure 12).[139] This rate was met after a year and half of Uber's operations and

[132] European Commission, Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ 2004/C 31/03, 5 February 2004, §74.
[133] Ibid.
[134] Graham Rapier, Careem CEO Ribbed Uber for Middle East Mistakes before Acquisition, Business Insider, 26 March 2019. Available at: https://www.businessinsider.com/careem-ceo-interview-why-uber-had-to-acquire-rival-2019-3.
[135] Ibid.
[136] CRA Response, p. 5.
[137] ECA survey.
[138] Estimate using the Parties' historical data.
[139] Parties' historical data.

through spending approximately USD [*] million on rider promotions only in Cairo.[140] To sustain the high level of utilization in Cairo, in 2018 and 2019, Uber spent more than USD [*] million on promotions to expand its network density and reach its current scale of [*] thousand riders and [*] thousand drivers approximately.[141] Moreover, to maintain this high utilization rate, Uber sustains a high rider to driver ratio of [*] riders to 1 driver.[142] This ratio has not decreased as the Parties spend significant amounts on riders' incentives. This reflects the importance of sustaining a mass network to maintain Uber's market position (seen in Figure 13 below).

[*]

Source: Uber's historical data

[*]

Source: Uber's historical data

151- Given the criteria for entry, the rest of the section proceeds to analyze the existing and future barriers to entry onto the app-hailed passenger vehicle market, which are: lack of short-term profitability; the significant requirements and costs to build and manage network density; difficulty of access to funding; the necessity of access to drivers and vehicles; the necessity of access to data; and the existing reputation of the acquiring party.

4.3.2. Lack of short-term profitability

152- As explained above, entry must be sufficiently profitable for it to be considered likely.[143] Uber worldwide is on track to close to $10 billion in revenue, but it is still losing money.[144] Uber stated in its prospectus, that they "incurred losses since inception" and "may not achieve profitability" in the foreseeable future, including in Egypt.[145] This is despite Egypt

[140] Ibid. This analysis does not include driver incentives, as Uber has not provided ECA with the drivers' incentives divided per governorate as requested.
[141] Parties' historical data.
[142] Ibid.
[143] European Commission, Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ 2004/C 31/03, 5 February 2004, §69.
[144] Guadalupe Gonzalez, Uber eyes $120 billion IPO in 2019, Private Titans, 16 October 2018. Available at: https://www.inc.com/guadalupe-gonzalez/uber-eyes-120-billion-ipo-2019.html.
[145] Uber Technologies Inc., Amendment No.1 to Form S-1 Registration Statement, 26 April 2019, p. 92. Available at: https://www.sec.gov/Archives/edgar/data/1543151/000119312519120759/d647752ds1a.htm.

being a major market for Uber;[146] Uber has 30,000 drivers in the Egyptian market, which makes up half of its drivers in all of Africa.[147]

153- This may indicate that, given the nature of the service, even the biggest players on the biggest markets may take years to achieve profitability. This may act as an important deterrent, especially for startups with limited access to funds.

154- Without any clear prospect of short-term profitability from even the incumbent firms, it is hard to envisage why a new entrant would consider entering the market, especially in the presence of the post-transaction entity. The following will illustrate the costs a new entrant will have to incur to enter the market and expand in scale to the extent that effectively threatens the post-transaction entity.

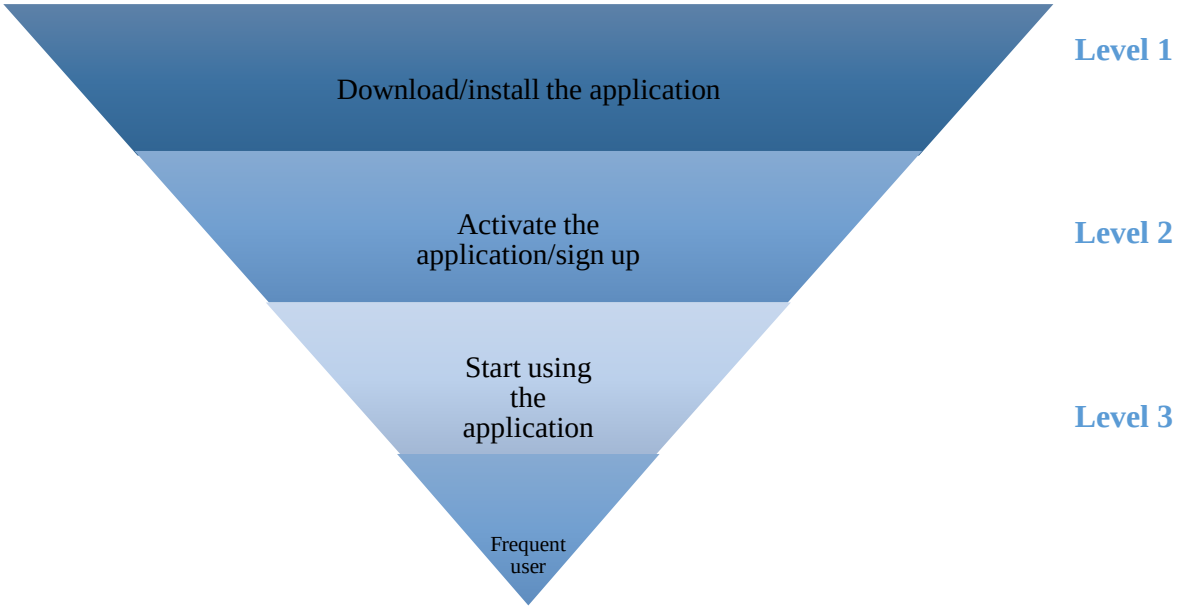
4.3.3. Requirements and costs to build and manage network density

155- As explained previously, ride-hailing markets are characterized by network effects; in order to compete effectively, competitors must invest in establishing a strong network. To do so, competitors must start by developing an application platform, attracting drivers, attracting riders, and balancing them in numbers in order to maintain the established network.

156- This can also be understood through the four-step process demonstrated in Figure 14 below.

[146] "Egypt, right now, out of the African countries [Uber] have, is probably the fastest growing". See: More than half of all the Uber drivers in Africa work in Cairo, Quartz Africa, 24 November 2016. Available at: https://qz.com/africa/845580/cairo-has-overtaken-johannesburg-as-ubers-busiest-african-city/.
[147] Ibid.

Figure 14: Optimal course of consumer usage of ride-hailing applications



157- The optimum goal of any ride-hailing firm is to build a network – or to acquire a high number of frequent users on both sides of the platform (the rider side and the driver side). Users must first download the application, sign up, start using the application, and eventually become a frequent user. The cost of reaching the final step and building an effective network includes the costs of: building an application, attracting drivers, attracting riders, and balancing the number of drivers and riders.

4.3.3.1. Costs of building an application

158- The Parties have submitted that the cost of developing an application is low[148], but ECA's investigation has revealed otherwise. As stated by a third party competitor, the creation and maintenance of an application platform is very costly due to different reasons: renting out servers and having cloud storage, managing the technicalities of the application, and updating the application to maintain its viability.[149] In turn, the higher the capital investment attracted by the firm, the higher its ability to sustain the high costs of developing and running an application platform.[150] The costs of building and maintaining an efficient application may hence act as a barrier for potential entrants.

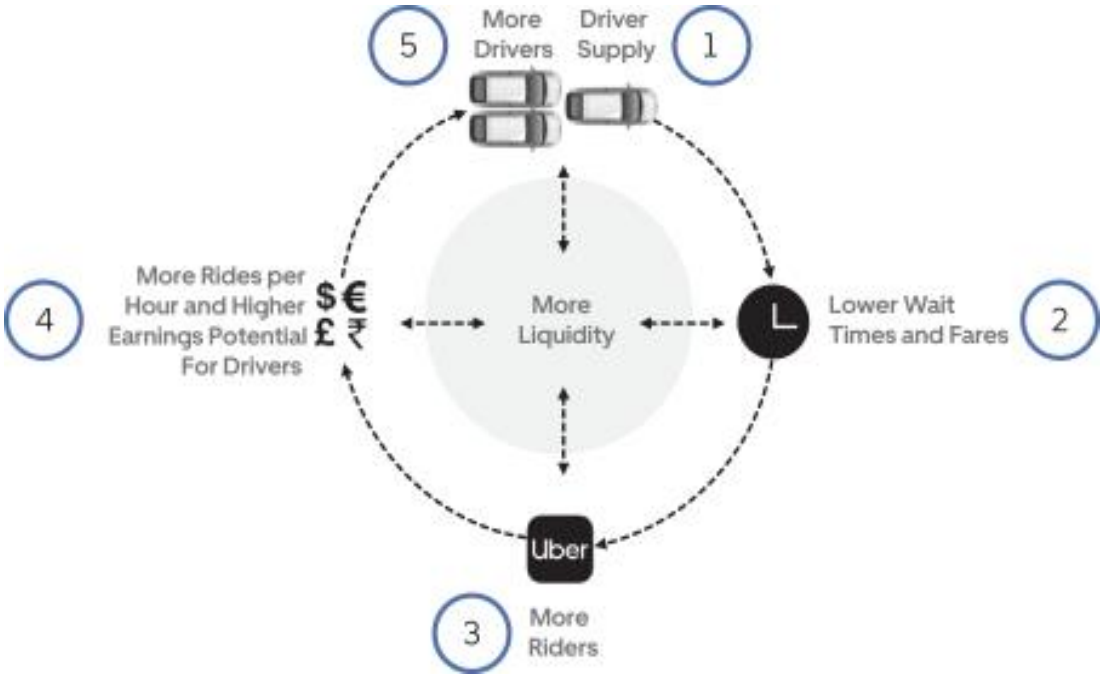
4.3.3.2. Costs of attracting drivers and riders

159- In order to maintain a balanced network, market players must attract drivers and riders.

[148] Submission by the Parties to ECA, 6 March 2019, §8.30.
[149] Meeting between ECA and [*], signed meeting minutes, 4 April 2019.
[150] Business Model Canvas Uber, Innovation Tactics, 13 January 2018. Available at: https://www.innovationtactics.com/business-model-canvas-uber/

160- Drivers present the supply side of the ride-hailing markets[151] and trigger the liquidity needed to maintain network effects; a ride-hailing company must focus on the supply side in order to create sufficient demand.[152]

Figure 15: Efficiencies from growth of a ridesharing service



Source: Submission by the Parties to ECA, 6 March 2019, Figure 1

161- While the Parties have claimed that the supply of drivers is not a barrier to entry nor a challenge,[153] ECA's findings show otherwise.

162- Statements gathered from recruitment intermediaries[154] confirm that recruiting drivers is the most challenging part in starting a ride-hailing business.[155] Similarly, Uber has stated to ECA on multiple occasions that recruiting drivers will always be a challenge.[156] The Parties have listed the increase in network of drivers is one of the efficiencies that would

[151] Uber Technologies Inc., Amendment No.1 to Form S-1 Registration Statement, 26 April 2019, p.14. Available at: https://www.sec.gov/Archives/edgar/data/1543151/000119312519120759/d647752ds1a.htm.
[152] Submission by the Parties to ECA, 6 March 2019, §6.8, Figure 1.
[153] Ibid., §8.33.
[154] Recruitment intermediaries are independent companies in the business of providing transportation services, also referred to as Customers by Uber, serve as intermediaries between ride-hailing companies and drivers.
[155] Meeting between ECA and [□], signed meeting minutes, 5 December 2018.
[156] Submission by the Parties to ECA, 6 March 2019, §3.4, §8.7, §8.9.

be difficult to achieve without the transaction.[157] Uber has mentioned this difficulty in its Prospectus:

> *"If we are unable to attract or maintain a critical mass of Drivers, (…) whether as a result of competition or other factors, our platform will become less appealing to platform users, and our financial results would be adversely impacted. Our success in a given geographic market significantly depends on our ability to maintain or increase our network scale and liquidity in that geographic market by attracting Drivers, (…) to our platform. If Drivers choose not to offer their services through our platform, or elect to offer them through a competitor's platform, we may lack a sufficient supply of Drivers to attract consumers and restaurants to our platform. We have experienced and expect to continue to experience Driver supply constraints in most geographic markets in which we operate. To the extent that we experience Driver supply constraints in a given market, we may need to increase or may not be able to reduce the Driver incentives that we offer without adversely affecting the liquidity network effect that we experience in that market."*[158]

163- If Uber, the first-movers on the Egyptian market and a pioneer in the ride-hailing sector, struggles to recruit drivers or to maintain them on its platform it will be, *a fortiori*, one of the first and the highest barriers to entry for new entrants who will definitely lack Uber's first-mover advantage as well as its scale and network density.

164- The reason it is difficult to build a network and attract drivers and riders is because this requires high investment in incentives.

165- The current incentives the Parties use to attract *drivers* are: bonuses, guarantees, and fare multiplies.[159] Guarantees are used to enhance the availability of drivers during peak hours. Bonuses are used to encourage drivers to complete a certain number of trips during a certain period; they are used to encourage drivers to complete a certain number of trips to earn their bonus, hence increasing the number of trips. Fare multiplies are incentives paid to drivers to guarantee a specified surge rate on their fares even if the riders are not paying the surge. Driver incentives must also be consistent and predictable as they are considered by some drivers as a main source of income.[160] *Rider* incentives come in the form of discount promotions, known as promo-codes. Careem offers an additional incentive through a loyalty program package, where users can purchase an amount of kilometers at

[157] Presentation by Parties at meeting with ECA, 2 May 2019, p. 21.
[158] Uber Technologies Inc., Amendment No.1 to Form S-1 Registration Statement, 26 April 2019, p. 36. Available at: https://www.sec.gov/Archives/edgar/data/1543151/000119312519120759/d647752ds1a.htm.
[159] Submission by Uber to ECA, 5 February 2019.
[160] Meeting between ECA and [*], signed meeting minutes, 13 November 2018.

reduced prices, not subject to surge pricing. In addition, both Uber and Careem offer free rides to users if they refer new users.

166- There is a positive correlation between the amount spent on incentives by each company and the number of trips as shown in Tables 7 and 8:

Table 7: Growth rate of trips and total incentives - Uber

Year	Growth of trips	Growth rate of total incentives
2016	[*]%	[*]%
2017	[*]%	[*]%
2018	[*]%	[*]%

Source: Parties' historical data

Table 8: Growth rate of trips and total incentives - Careem

Year	Growth of trips	Growth rate of total incentives
2016	[*]%	[*]%
2017	[*]%	[*]%
2018	[*]%	[*]%

Source: Parties' historical data

167- Incentives pose a significant cost for market players: "consumer discounts, promotions, and reductions in fares and our service fee have negatively affected, and will continue to negatively affect, [Uber's] financial performance".[161] This can be seen by looking at how much the Parties spent on incentives in Egypt since their launch, illustrated in Tables 9, 10 and Figures 16, and 17.

Table 9: Total incentives and number of trips - Uber

Year	Total incentives (EGP)	Number of Trip
2015	[*]	[*]
2016	[*]	[*]
2017	[*]	[*]
2018	[*]	[*]

Source: Parties' historical data

[161] Uber Technologies Inc., Amendment No.1 to Form S-1 Registration Statement, 26 April 2019, p. 33. Available at: https://www.sec.gov/Archives/edgar/data/1543151/000119312519120759/d647752ds1a.htm.

Table 10: Total incentives and number of trips - Careem

Year	Total incentives(EGP)	Number of Trips	Net income(gross bookings- promotions)
2015	[*]	[*]	[*]
2016	[*]	[*]	[*]
2017	[*]	[*]	[*]
2018	[*]	[*]	[*]

Source: Parties' historical data

[*]

Source: Parties' historical data

[*]

Source: Parties' historical data

168- Figures 16 and 17 show that rider and driver incentives are increasing over time. Figure 16 shows that the monthly average of riders and drivers incentives reached approximately USD [*] for Uber and [*] for USD Careem. In addition, Figure 17 shows that in the first three months of 2019, the amount of incentives paid by Uber and Careem reached approximately USD [*] and USD [*] respectively.[162] [*]

169- Figure 17 illustrates how the Parties competed on incentives to gain market shares. Once Uber began to lose market shares to Careem in late 2016 and early 2017, Uber started, in Q2 2017, to increase its rider and driver incentives. More than USD [*] were injected in 2017, restoring Uber's market position starting from Q1 2018. In 2018 and 2019, Uber [*] its incentives, enhancing its market position and preserving its market share by injecting more than USD [*], which naturally enhanced its market position and preserved its market share. Despite the incentives paid by Careem in 2018 and 2019, which approximately reached USD [*], Careem failed to maintain its market position and lost market shares to Uber. This serves to show the amounts of funds that will be required of a competitor of the post-transaction entity, should they manage to enter the market.

170- In order to grow, especially in light of the post-transaction entity, a new entrant would have to incur similar, if not higher, costs. The incentives offered by Uber and Careem, given

[162] Parties' historical data.

their positions on the market, have arguably become the consumer's only reference in terms of amount and frequency of incentives. New entrants may not be able to effectively compete with the post-transaction entity without spending as much on incentives, as drivers and riders would not be attracted to the new entrant's platform unless they are offered at least similar incentives.

171- Not only do new entrants have to meet the expectations of riders and drivers, but they must also maintain these incentives for an adequate amount of time in order to build efficient network density, and also, potentially, collect appropriate data (as discussed below in Section 4.3.6). Therefore, it is apparent that entering and growing in the ride-hailing market requires continuous injection of large amount of investment, specifically in the form of incentives.

172- Hence, by analyzing the importance of incentives to the market as well as Uber and Careem's past spending schemes, ECA envisions that any new entrant will have to incur significant costs in the form of incentives in order to effectively compete with the post-transaction entity. Moreover, the new entrant would need to find the correct and efficient balance of rider and driver incentives.

4.3.3.3. Balance of rider and driver incentives

173- In order to maintain a balanced network, a new entrant would need to incur significant costs in order to find the right equilibrium between supply and demand: simply offering incentives to riders and drivers is not sufficient for the purpose of having an effective platform.

174- Uber constantly adjusts its incentive spending-strategies over time. [*]

[*]

Source: Parties' historical data

175- Moreover, the importance of this balance is highlighted in the example of PQ. PQ entered the market of app-hailed passenger vehicles in 2016 but exited three months later. This is because it focused only on attracting riders and not drivers, leading to a shortage on the supply side, raising wait time and deterring riders.[163] This example shows the importance of maintaining a balance of rider and driver incentives.

[163] Meeting between ECA and [*], signed meeting minutes, 5 December 2018.

176- Any entrant will have to not only spend money on incentives, but also have to incur costs in the process of finding the perfect balance of incentives.

Conclusion

177- ECA finds that the payment of incentives to drivers is essential for creating sufficient network density, and that offering incentives to both riders and drivers is necessary to maintain network balance in the face of competition. The new entrant will likely have to at least pay incentives equal to the current market players if not more. This is a significant barrier to entry, especially considering the relatively low profitability that the industry appears likely to record. This will be made more difficult if the entrant does not have sufficient access to funding.

4.3.4. Access to funding

4.3.4.1. Raising capital

178- ECA finds that given the need to attract drivers and riders in order to build network density on a relatively low profitability of the market, a new entrant would need significant capital in order to compete effectively. ECA recognizes the difficulties new entrants may face when attempting to attract investors, as well as how this difficulty may be exacerbated by Uber's current spending strategy.

Uber's superior access to funds

179- Uber has raised a total of USD 24.7 billion over 23 funding rounds worldwide, since its establishment.[164] It has also recently poured USD 100 million to its operations in the Egyptian market.[165] It is currently valued at USD 80-90 billion, making it the most valuable ride-hailing company.[166] Careem is the second most valuable ride-hailing company in the Middle East, valued by Uber at USD 3.1 billion. Careem has also invested USD 100-120 million recently in Egypt.[167] Uber and Careem's funding rounds show a steady stream of capital injected into scaling up and establishing the companies.

180- More specifically, and focusing on the acquirer, Uber's entry into an Initial Public Offering (IPO) reinforces its ability to attract investors. Furthermore, ECA notes that Uber's access to funds is not constraint by Uber's profit margins. Although Uber has continued to make

[164] Uber, Crunchbase. Available at: https://www.crunchbase.com/organization/uber/funding_rounds/funding_rounds_list#section-funding-rounds.
[165] Nayrouz Talaat, Uber invests $100 million in Egypt, Digital Boom, 6 December 2018. Available at: https://adigitalboom.com/uber-to-invest-100-million-egypt/.
[166] Analyst: Uber is 'learning from the Lyft lesson' for its IPO, Yahoo Finance, 7 May 2019. Available at: https://finance.yahoo.com/news/uber-ipo-lyft-compare-185739890.html.
[167] Careem to inject investments up to US $120 million in 2019, Egypt Independent, 23 December 2018. Available at: https://www.egyptindependent.com/careem-to-inject-investments-up-to-us-120-million-in-2019/.

losses, investors are still willing to support the company.[168] It has been noted that "investors are not so margin-focused, but continue to put a premium on businesses with long-term future expansion or disruption potential".[169] Indeed, financial and legal obstacles "are especially constraining for small firms".[170] New entrants may not be able to access investors as inexpensively as earlier entrants did, if at all.[171]

181- Finally, ECA is concerned that Uber has, in the past, actively aimed to keep competitors from accessing funds. ECA has recently received a claim from a third party pertaining its exclusion from vital funding events. ECA is concerned that such behavior may only empower the post-transaction entity's position adding further limitation to an already limited ability for potential competitors to access to funds.

182- To conclude, Uber enjoys superior access to funds, especially given the fact that potential local firms may find difficulty matching such access.

Uber's spending strategy

183- Given Uber's superior access to funds, it has been previously able to maintain a cash-burning strategy, arguably unsustainable by potential competitors. Uber has the ability to burn billions of dollars per year.[172] Uber has stated that in order to grow in market power, it is willing to raise incentives "even if it results in a negative margin, to compete effectively and grow [their] business"[173] and that "to remain competitive [it has] (…) offered, and may continue to offer, significant Driver incentives and consumer discounts and promotions, which may adversely affect [its] financial performance".[174]

184- This reinstates that Uber currently, and hence the post-transaction entity in the future, is willing to negatively affect its financial performance for the ultimate goal of increasing its market power. The post-transaction entity may be the only player capable to sustain a cash-burning strategy. A third party consultation showed that they would "have difficulties

[168] Seth Fiegerman, Uber is Losing Billions: Here's Why Investors Don't Care, CNN business, CNN, 1 June 2017. Available at: https://money.cnn.com/2017/06/01/technology/business/uber-losses-investors/index.html.
[169] Rani Molla, Why Companies Like Lyft and Uber are Going Public Without Having Profits, Vox, 6 May 2019. Available at: https://www.vox.com/2019/3/6/18249997/lyft-uber-ipo-public-profit.
[170] Access to Finance and Economic Growth, World Bank, p. 5. Available at: http://siteresources.worldbank.org/INTEGYPT/Resources/Access_to_Finance.pdf
[171] Jasper Blees, Ron Kemp, Jeroen Maas, Marco Mosselman, Barriers to entry: differences in barriers to entry for, SMEs and large enterprises, research report of the Scientific analysis of entrepreneurship and SMEs, SCALES, May 2003, p. 28.
[172] Uber has Burned Through $10.7 Billion in 9 Years, Fortune, 6 March 2018. Available at: http://fortune.com/2018/03/06/how-much-money-uber-spent/.
[173] Uber Technologies Inc., Amendment No.1 to Form S-1 Registration Statement, 26 April 2019, p. 14. Available at: https://www.sec.gov/Archives/edgar/data/1543151/000119312519120759/d647752ds1a.htm.
[174] Ibid., p. 33.

matching the combined burn rates of Uber and Careem".[175] The strategy may hence create a barrier for potential entrants, possibly foreclosing the market.

185- To conclude, the difficulties of accessing funds in Egypt, combined with Uber's past cash-burning strategy and its deep pocketing abilities, may create a barrier to entry. Any new entrant would need similar significant capital in order to compete effectively with the post-transaction entity. This is especially augmented by the envisioned advantages the post-transaction entity will hold.

4.3.4.2. Extra costs of late entrant

186- Even if potential competitors succeed in entering the market and raising capital, "some experience advantages cannot be replicated through accelerated spending programs by late entrants".[176] Customers may remain loyal to Uber and Careem's brands, especially given current plans to maintain both brands separately. The post-transaction entity will have an advantage on the market, as the acquirer is the first-mover incumbent, which can constitute a barrier to entry for potential entrants, as it may minimize their ability to access funds.[177]

187- Consumers in digital markets will usually have strong loyalty to brands they know and will not exert effort to switch to non-default options. Given the existence of network effects on such markets, new entrants will not only suffer from lack of users, but also from lack of endorsements. Competitors are strengthened by consumer feedback and ratings, whether positive or negative. New entrants may likely never get the chance to learn and grow if consumers stay loyal to older brands. [178]

188- Uber's international identity is well recognized in Egypt[179]: "Uber has a strong brand identity acknowledged in Egypt".[180] As the first-mover on the market, Uber's product can be described as having become the generic term to describe the ride-hailing services in Egypt. Due to the superior access to funds outlined above, Uber has the ability and capacity to "make short-term sacrifices for a lifetime of loyalty"[181], as "[Uber's] brand promotion, reputation building, and media strategies have involved significant costs".[182] In order to compete with such brand loyalty, new entrant must spend significant costs to challenge Uber's brand standards.

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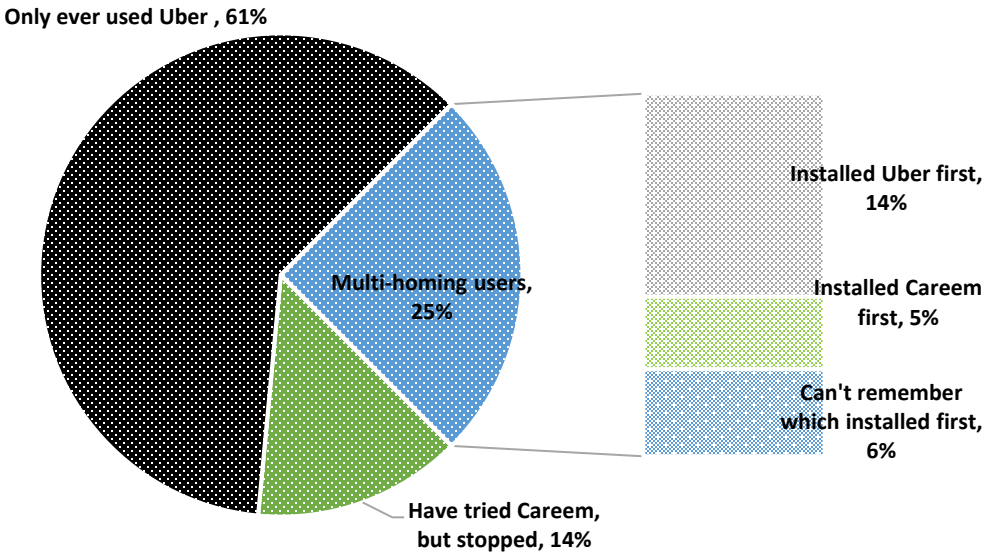
[175] Submission by [□] to ECA, 17 April 2019.
[176] Kathryn Rudie Harrigan, Strategic Flexibility and Competition Advantage, Oxford Research Encyclopedia of Business and Management, 2017, p. 16.
[177] European Commission, Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ 2004/C 31/03, 5 February 2004, §71.
[178] Jason Furman, Unlocking Digital Competition: Report of the Digital Competition Expert Panel, March 2019, p. 36.
[179] Ibid., p. 87.
[180] IPSOS survey (submitted by the Parties to ECA, 10 May 2019, Annex 8, p. 46)
[181] Uber Technologies Inc., Amendment No.1 to Form S-1 Registration Statement, 26 April 2019, p. 12. Available at: https://www.sec.gov/Archives/edgar/data/1543151/000119312519120759/d647752ds1a.htm.
[182] Ibid., p. 38.

189- Similarly, Careem is the second-biggest brand in terms of recognition in the MENA region. It can be argued that it has an advantage over Uber, in the sense that Careem is perceived as being the more local brand.[183] Nevertheless, Uber, due to its first-mover's advantage possess an advantage over Careem, which it will continue to possess over any new entrant.

190- Consumers who use only Uber represent 61% of the total users (demonstrated in Figure 19).[184] However, consumers who only use Careem represent 30% (demonstrated in Figure 20).[185] Twice as many Careem users multi-home as Uber users.[186]

191- This is because Careem was the second entrant to the market. This suggests that the pool of riders and drivers the new entrant will draw from will, by default, be constituted of Uber and Careem's original users; any future entrant will share riders and drivers with the post-transaction entity. Uber's reputation and first-mover status may hence act as a barrier to the growth of any potential entrant's network. Without being able to grow in network density, potential entrants will not be able to stay on the market for long.

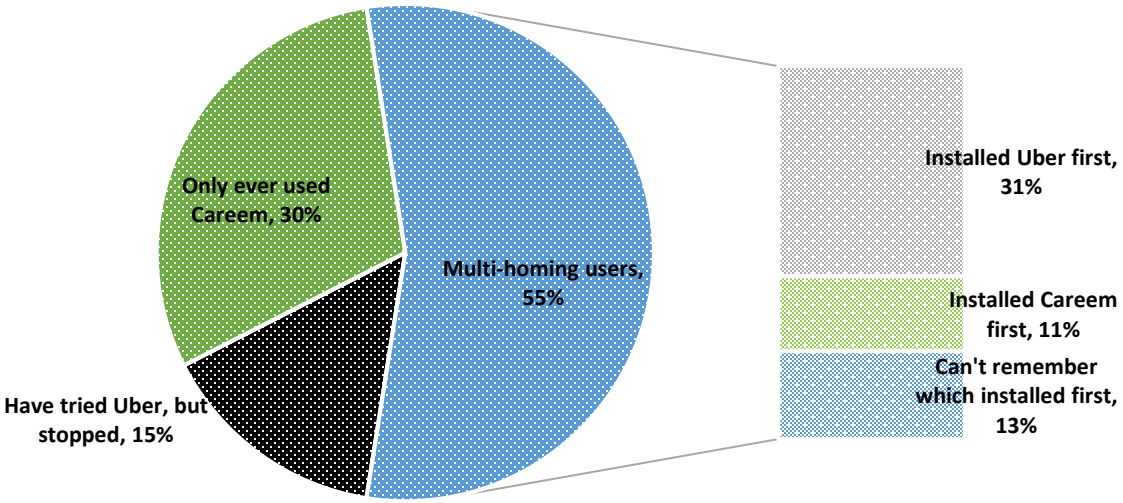
Figure 19: Analysis of multi-homing Uber users



Source: ECA survey data

[183] Ibid., p. 69.
[184] ECA survey.
[185] Ibid.
[186] Ibid.

Figure 20: Analysis of multi-homing Careem users



Source: ECA survey data

192- The Parties have attempted to claim that their first-mover advantage is a "first-mover disadvantage".187 While ECA agrees that introducing a new idea, such as that of app-hailing, comes with its challenges, as with any new innovation, ECA also recognizes that after surmounting these challenges, first-movers reap greater benefits than subsequent entrants. Even if introducing users to a new service was difficult, the first-mover will, in return, earn and keep this advantage as long as it exists on the market. This will be a perpetual benefit for the first-mover, one which, in this case, will only be augmented through the transaction.

193- This serves to show that Uber's cash-burning strategy and the reputation of the post-transaction entity on the Egyptian market further exacerbate the barriers to entry relating to access to funds.

4.3.5. Access to drivers and vehicles

194- Drivers are originally attracted by incentives, as explained previously. But, there are other non-price barriers to attracting them to the platform. These barriers can be identified as barriers relating to attracting drivers who own vehicles and those who do not.

195- Each type of drivers may be attracted to join the platform through different facilitation programs. For instance, drivers who own vehicles value a ride-hailing company's relationship with service centers. Those who do not own cars are attracted through

[187] HSF Response, §5.37.

facilitation in procuring vehicles. Being unable to design specific facilitation programs to fit the nature of different types of drivers may act as a barrier to potential entrants if those entrants find it significantly difficult to offer comparable programs.

4.3.5.1. Barriers related to the need to attract drivers who own vehicles

196- Among the valuable reasons that motivate drivers to join a platform is a facilitated well-established car service center, as it would ensure them high quality maintenance and other advantages for their privately owned cars, thereby enhancing cars' durability. As such, access of new competitors to well-established service centers can be regarded as vital for their attempts to attract drivers.

197- Third parties have often cited [*], the center Uber contracts with, as a prime example of a trusted service center.[188]

4.3.5.2. Barriers related to the need to attract drivers who do not own vehicles

198- Ride-hailing platforms may also target drivers who do not own cars by offering them facilitations to purchase new cars. Drivers who obtain such facilitations are more likely full time drivers[189] and are hence frequent users of the platform. This makes them an attractive target for ride-hailing platforms. They form a significant portion of drivers: [*]% of Uber drivers do not own the vehicles they operate.[190]

199- With this regard, different facilitation programs can be employed such as installment sale services or lease to own options.

200- If a new entrant cannot offer drivers that do not own cars similar advantages, it is unlikely that they will even consider joining the platform. In that context, Uber's partnership with [*] represents another key aspect. The terms of Uber/[*] agreement do not only enable Uber to attract and lock-in drivers, but they may prevent drivers from switching to new platforms, thereby raising significant barriers for new entrants.

Uber's current relationship with [*]

[188] Meeting between ECA and [□], signed meeting minutes, 13 November 2019.

[189] Mostafa Mahmoud, If You're Thinking of Driving with Uber, Akhbar El Yom, 13 August 2018. Available at: https://akhbarelyom.com/news/newdetails/2710293/1/%D9%84%D9%88%20%D8%A8%D8%AA%D9%81%D9%83%D8%B1%20%D8%AA%D8%B4%D8%BA%D9%84%D9%87%D8%A7%20%D9%81%D9%8A%20%20%D8%A3%D9%88%D8%A8%D8%B1%20..%20%D8%A8%D8%A7%D9%84%D8%A3%D8%B3%D8%B9%D8%A7%D8%B1%20%D8%A3%D9%83%D8%AB%D8%B1%20%D8%B3%D9%8A%D8%A7%D8%B1%D8%AA%D9%8A%D9%86%20%D8%A7%D8%B9%D8%AA%D9%85%D8%A7%D8%AF%D9%8A%D8%AA%D9%8A%D9%86%20%D9%81%D9%8A%20%D9%85%D8%B5%D8%B1

[190] Submission by the Parties to ECA, 3 June 2019, Annex 1, p. 104.

201- [*] offers Uber drivers options to lease cars at competitive rates through its lease to own program. However, the terms of these options may act as a barrier to entry.

202- The contract Uber has with [*] dictates that [*] cannot offer its services to competitors: *[*].*[191]

203- Moreover, for drivers to be eligible to join the leasing program, they must meet the "Partner Drivers Application Referral Criteria". One of the criteria is for the driver to be eligible is to complete at least [*] trips with Uber. The number of trips is high that it can only be met by drivers who work *de facto* exclusively with Uber. It obliges drivers who want to benefit from it to drive exclusively with Uber, preventing them from multi-homing.

204- This exclusivity creates a barrier to entry for potential entrants seeking to recruit drivers who do not own vehicles. Without having similar advantageous exclusive deals to offer, potential entrants will find it difficult to operate on the market and compete effectively. Drivers, as users of the application, are driven by their own biases and would give greater weight to their immediate utility and profitability.[192] This information asymmetry between drivers and ride-hailing companies may, in the future, work for the benefit of the post-transaction entity, as drivers will be less able to weigh the future consequences of their decisions on their ability to switch to competing platforms.

Careem's current relationship with [*]

205- Careem currently has similar agreements. It has a Financial Leasing Agreement with Xpress Auto, a subsidiary of Careem, and [*], a leasing firm. Drivers who wish to receive the leasing service from [*] have to sign a Captain Partnership Agreement. This agreement constrains drivers from multi-homing, therefore, preventing them from being able to switch to work with competitors: [*].[193] This suggests that drivers may become locked-in and can only use Careem. This method, if adopted by the post-transaction entity, may pose a barrier to other competitors in the post-transaction scenario.

Conclusion

206- The agreements detailed above reinforce ECA's concerns regarding the post-transaction entity's ability to lock-in drivers in the post-transaction scenario. The exclusivity agreements imposed on drivers and financing companies appear to artificially direct the network effects away from its usual course in this market: it prevents new and existing drivers from switching to other applications. This decreases the potential supply of drivers to other potential competitors, reducing network density and raising wait times for riders

[191] Strategic Relationship Agreement [*] (submitted by the Parties to ECA, 5 February 2019, Annex 2, §2.1).
[192] Matthew Bennett, What Does Behavioral Economics Mean for Competition Policy? Competition Policy International, Vol. 6, No. 1, 2010, p. 6.
[193] Memorandum of Understanding [*] (submitted by Careem to ECA, 28 February 2019, Exhibit A, §10).

on potentially competing applications, leading to their exit. As such, the *cumulative effects* of the Parties' exclusive arrangements as set forth in the above, may transform network effects into a tool that disrupts the natural function of multi-homing and thereby establishing a barrier to entry.

4.3.6. Access to data

207- Given the features of the market, described above, as well as the barriers to entry, and ride-hailing companies' status as technology-based transport companies, ECA analyzes the importance of data to this market.

208- Data can amount to a barrier to entry when a competitor has exclusive control over certain types of data necessary for competition on the market. On to the ride-hailing market, data may act as an entry barrier to new entrants if they are unable to replicate or access.[194] The post-transaction entity will control the combined data sets currently held separately by the Parties. A majority of this data is difficult to replicate, especially given the nature of the Egyptian market.

4.3.6.1. Importance of data to entrants on the market

209- Data is central to the operations of ride-hailing companies, as evidenced by how current ride-hailing companies use data.

210- Uber holds very high amounts of data and uses this data as a core asset. It analyzes this data and "relies heavily on making data-driven decisions at every level".[195] The "user data [Uber's platform] uses, collects, or processes (…) is an integral part of [its] business model".[196] While Uber may not have an added side of advertising such as Google, Facebook, and Amazon[197], data is still important to its activities. In fact, "every interaction on Uber's transportation platform is driven by data".[198] Uber makes "significant investments in (…) data management and personalization technologies".[199]

211- ECA recognizes that ride-hailing companies do not have a "zero-price" advantage like digital search engines and social media platforms.[200] Therefore, the more users are induced to use the ride-hailing platform, the more data the platform can collect. The amount of time

[194] Ariel Ezarchi and Maurice E. Stucke, Virtual Competition, Harvard University Press, 1st Edition, 2016, p. 20.
[195] Riza Shiftehfar, Uber's Big Data Platform: 100+ Petabytes with Minute Latency, Uber Engineering, 17 October 2018. Available at: https://eng.uber.com/uber-big-data-platform/.
[196] Uber Technologies Inc., Amendment No.1 to Form S-1 Registration Statement, 26 April 2019, p. 182. Available at: https://www.sec.gov/Archives/edgar/data/1543151/000119312519120759/d647752ds1a.htm.
[197] Presentation by Parties at meeting with ECA, 2 May 2019, p. 9.
[198] Luyao Li, Kaan Onuk, and Lauren Tindal, Databook: Turning Big Data into Knowledge with Metadata at Uber, Uber Engineering, 3 August 2018. Available at: https://eng.uber.com/databook/
[199] Uber Technologies Inc., Amendment No.1 to Form S-1 Registration Statement, 26 April 2019, p. 180. Available at: https://www.sec.gov/Archives/edgar/data/1543151/000119312519120759/d647752ds1a.htm.
[200] Presentation by Parties at meeting with ECA, 2 May 2019, p. 8.

and money new entrants would need to be able to accumulate an adequate amount of data, given the significance of the barriers mentioned throughout this section, in particular those related to investment costs and access to capital, may deter potential competition. A third party submission indicated that they had to spend two years to collect the adequate amount of data needed to compete on an adjacent market.[201] In the absence of competition, the concentration of data in the hands of the post-transaction entity, in addition to other barriers, may significantly raise the cost of entry as new entrants may not be able to sustain low profits margins for a sufficient period of time in order to gather enough data.

212- Moreover, even in the assumption that competitors compete on price, most consumers of the ride-hailing market, as explained previously, take into consideration and greatly value non-price factors. A majority of consumers will be attracted to applications which, as a result of well-trained algorithms, are superior in quality. Even if a new entrant offers better financial incentives but cannot attract the high percentage of non-price sensitive consumers to their new platform due to its low quality, the new platform will not be able to attract enough consumers to maintain sufficient network density. Therefore, given ECA's findings that consumers are attracted to non-price factors, a new entrant that cannot build up an efficient application due to lack of data may find difficulties to remain on the market to the extent that may render entry unlikely.

213- Notably, ECA recognizes that Careem was previously able to enter and operate on the Egyptian market despite the presence of Uber at the time. However, ECA envisions that if the transaction is consummated, new entrants may not be as successful as Careem; the post-transaction entity will combine the assets and databases of the current incumbents, accumulating more market power than Uber enjoyed in 2015. Potential entrants are likely to face stronger constraints than those Careem faced previously.

214- Nonetheless, ECA recognizes that not all types of data are necessary for the presence of competition, as some are less costly to acquire than others are. In order to understand the types and sources of different data a ride-hailing company may find valuable, ECA investigates the different types of data.

4.3.6.2. Types and sources of data

215- Data can generally be divided into personal and non-personal data. Personal data is individual-level data that refers to a natural person.[202] Non-personal data is anonymous

[201] Meeting between ECA and [*], 17 April 2019.

[202] European Parliament and Council, Regulation (EU) on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC, No. 2016/679, 27 April 2016 (GDPR), Article 4. The Draft Data Protection Law 2019 defines it as: "any data relating to an identified natural person, or one who can be identified, directly or indirectly, through the data". This includes any identifier such as name, voice, picture, identification number, an online identifier, or any data which determines the psychological, physical, economical or cultural identity of that person.

individual-level data. Aggregated data is usually anonymous and is hence considered non-personal data.

216- ECA finds that Uber gathers these types of data from three main sources: rider and driver lists, transaction and marketplace data, and mapping data.[203]

217- Rider and driver lists are a form of personal data. "Rider and driver lists can be used to send promotions, satisfy regulatory requirements, ensure the safety of riders and driver partners and facilitate smooth payments".[204] For example, when Uber launched its UberEats service, it targeted its existing UberX and UberSelect users. Users' location data enabled Uber to send personalized text messages to target users in certain areas. Therefore, rider and driver lists may be considered useful for new entrants as a way to attract users, build network density, and develop new products.

218- ECA believes that while rider data may be difficult to compile in a timely manner, driver data is relatively easier to collect. ECA's investigations show that recruitment intermediaries are willing to share drivers' data to potential entrants in exchange for acting as their recruitment intermediary.[205] However, the post-transaction entity will have superior access to rider and driver lists, given the combination of the Parties' databases and its existing relationship with recruitment intermediaries. Any driver data an entrant acquires from a recruitment intermediary will be already available to the post-transaction entity.

Transaction and marketplace data

219- ECA considers transaction and market place data to include the data ride-hailing companies uses to train their pricing, surge, and matching algorithms as well as the data and statistics available regarding the market. Transaction and marketplace data includes trip data such as information pertaining to the date, timestamp, pick-up and drop-off locations, distances, prices, promotions of trips.[206] In that light, ECA distinguishes between non-context-specific data and context-specific data.

Non-context-specific data

220- For the purposes of creating algorithms, non-context-specific data reaching as far back as possible is useful for new entrants.[207] Algorithms are essential for the survival of digital firms, as algorithms can be used to provide better services.[208] When properly trained, even

[203] Presentation by Parties at meeting with ECA, 2 May 2019, p. 21.
[204] Submission by Uber to ECA, 10 May 2019, pp. 6-7.
[205] Meeting between ECA and [*], signed meeting minutes, 19 February 2019.
[206] Presentation by Parties at meeting with ECA, 2 May 2019, p. 6.
[207] Ibid., p. 21.
[208] Jacques Crémer, Yves-Alexandre de Montjoye, Heike Schweitzer, Competition Policy for the Digital Era, EU Commission, March 2019, p. 26.

if on older data, machine-learning algorithms can filter out unnecessary information and identify useful information, saving costs for competitors with well-trained algorithms. The more data a player owns, even if it is non-context-specific, the better its algorithms will be, the more user-friendly its application platform becomes and the better its pricing strategy. This means that data from one city a ride-hailing company competes in can be useful in another.

221- Uber currently has superior algorithms, which will be maintained in the post-transaction scenario: Uber connects riders and drivers using a single pricing algorithm to set unique prices for each city.[209] They have a "machine-learning software platform that powers hundreds of models behind [their] data-driven services".[210] This asset has led critics to refer to Uber as an "algorithmic monopoly".[211] The post-transaction entity will have a superior algorithm, one that entrants may not be able to match without access to significant amounts of historical data.

Context-specific data

222- In order to gather context-specific data, competitors must actually operate on the Egyptian market. In order to attract consumers and build a local database, competitors, especially those without non-context-specific data, may need to lower price. As explained previously, this may not be sustainable, given the incumbent's superior access to funds and strong market power on the market.

223- Entrants may hence be able to accommodate for this lack of data by using general studies or findings as to the landscape of the Egyptian transportation market, statistics as to the operations of players on the transportation sector (including public and private players), market studies carried out on consumers, or general data as to peak hours. Third party consultations show that this type of data is "very scarce" in Egypt.[212] Third parties have explicitly stated that their entry into the ride-hailing market would have been much more efficient if data was available on the market.[213] Hence, the specificities of the Egyptian market mean that context-specific data may be difficult to obtain for potential entrants, thereby raising the cost of effective market entry.

Mapping data

224- ECA finds that the most important source of data, and the most difficult to obtain on the Egyptian market, is mapping data. Producing a map database for navigational purposes is

[209] Ariel Ezarchi and Maurice E. Stucke, Virtual Competition, Harvard University Press, 1st Edition, 2016, p. 50.
[210] Uber Technologies Inc., Amendment No.1 to Form S-1 Registration Statement, 26 April 2019, p. 14. Available at: https://www.sec.gov/Archives/edgar/data/1543151/000119312519120759/d647752ds1a.htm.
[211] Douglas MacMillan and Telis Demos, Uber Valued at More Than $50 Billion, The Wall Street Journal, 31 July 2015. Available at: https://www.wsj.com/articles/uber-valued-at-more-than-50-billion-1438367457.
[212] Meeting between ECA and [*], 4 April 2019.
[213] Ibid.

very costly and resource intensive.[214] While Uber has mapping data from around the world, Careem has more region-specific mapping data[215] and "superior mapping capabilities than Uber, in particular [regarding] "points of interest" in its maps".[216] Therefore, the post-transaction entity will have access to superior mapping data, compared to potential entrants. For the reasons detailed above, potential entrants may find difficulty gathering the data necessary to create an efficient mapping system.

225- The inability to create an efficient mapping system would significantly weaken a potential competitor, as it would result in longer wait time, longer estimated time of arrival (ETA), higher chances of getting drivers getting lost before and during the trip, and less accurate drop-off and pick-up locations.

Conclusion

226- In conclusion, ECA finds that data is important for competitors wishing to enter and compete effectively on the ride-hailing market. Some data are harder to obtain than others: while driver related data could be accessed on easier terms, the specificities of the Egyptian market make access to, riders' data, marketplace and transaction data as well as mapping data difficult, reinstating data as a barrier to entry for potential competitors.

4.4. Possible entrants

227- To further show the significance of the barriers to entry identified above, the following section analyzes the prospects of entry by regional and international players.

4.4.1. Actual and potential players

228- The following section discusses the potential entrants onto the market in question and on the complementary and adjacent markets in order to assess whether or not they are foreseeable entrants onto the market in question.

229- The Parties have previously listed a number of actual competitors existing on complementary and adjacent markets: Swvl, Buseet, Fyonka, Pink Taxi, Halan, Go By, and London Cab and Pink Taxi.[217] The Parties have also submitted on several occasions that there are numerous regional and international competitors that may potentially enter the market: Taxify, Ola, Didi, and Yandex. The Parties have submitted[218] that these international players are and have been able to raise significant funds.

[214] European Commission, TomTom/Tele Atlas, No. M.4854, 14 May 2008, §24.
[215] Graham Rapier, Uber's Biggest Competitor in the Middle East Says it has Mapped 45,000 Miles of Road in its Bid to Compete on a Global Stage, 24 February 2019. Available at: https://www.businessinsider.com/careem-maps-45000-miles-road-compete-uber-2019-2.
[216] Presentation by Parties at meeting with ECA, 2 May 2019, p. 32.
[217] Submission by the Parties to ECA, 6 March 2019, §8.29.
[218] Ibid., §8.32.

230- ECA's assessment of actual regional players and potential regional and international players has shown that there is little chance of them entering the market of app-hailed passenger vehicles, absent adequate commitments regarding the barriers to entry above.

4.4.1.1. Regional players

231- *Swvl* offers fixed rate bus rides on pre-determined routes and schedules through its application platform.[219] Swvl views itself to exist on only one of Uber and Careem's overlapping markets, that of app-booked HCVs. Swvl currently has no plans of entering any of the adjacent or complementary markets.[220]

232- *Buseet* offers a similar service to that of Swvl.[221] It was launched after Swvl and is relatively smaller in terms of number of trips and market share.

233- *Fyonka*. Launched in November 2018, Fyonka offers a specialized form of app-based ride-hailing through passenger vehicle: it only serves women.[222] Fyonka only accepts female drivers and riders.

234- *Pink Taxi*. Launched in August 2015, Pink Taxi also offers specialized app-based ride-hailing through passenger vehicles.[223] It differentiates itself from other modes of transportation for being "by girls and for girls".[224] It is mainly used by loyal customers who pre-purchase packages to transport their kids to and from school.[225] It has expressed that it does not try to compete with Uber and Careem and instead focuses on its current customer base.[226]

235- *Halan*. Operates on the app-based object delivery market through motorcycle and tricycle as well as the app-based ride-hailing market through scooter and Tuk-Tuk. [227] In comparison with other market players on the app-based food delivery market, it considers that it has an estimate of 11% market share. In comparison with UberScooter and CareemBike, it considers itself to have an estimate of 20% market share. It considers the app-based ride-hailing market through Tuk-Tuk market to be very small as a whole. It has no plans to expand on to other adjacent or complementary markets.[228]

[219] Swvl's official website. Available at: https://swvl.com/.
[220] Meeting between ECA and [*], 4 April 2019.
[221] Buseet's official website. Available at: https://buseet.com/.
[222] Fyonka's official website. Available at: http://www.fyonka.com/.
[223] Pink Taxi's official website. Available at: http://pinktaxi.net/.
[224] Ibid.
[225] Meeting between ECA and [*], signed meeting minutes, 19 August 2018.
[226] Ibid.
[227] Pink Taxi's official website. Available at: https://www.halanapp.com/.
[228] Third party submission to ECA.

236- *London Cab*. Introduced in Egypt in July 2010, London Cab describes itself as a premium service "different [in] nature than the conventional taxi service".[229] It offers a specialized form of app-hailed taxi services and is used mainly by loyal consumers who pre-purchase a number of rides for daily journeys, such as taking their kids to and from school.[230] It is also often used for rides to and from the airport.[231] It differentiates itself from operators on the app-based ride-hailing through passenger vehicles market, such as Uber and Careem, because it owns vehicles and does not try to match them in price.[232] It has also expressed that it was not affected by their entry due to these differences.[233]

237- *Go By* is an Egyptian ridesharing company that had announced in February 2019 it would start operations but has not since done any advertising, marketing, or promotional activity.[234] Other players who have shown interest in the market include *Dubci, Wingo,* and *Beep.* ECA conducted preliminary assessment and has found that it is difficult to ascertain if they currently lack the expertise, knowledge, or plans to stay on the market.[235] They lack sufficient expertise on the nature and the risks related to the market in question, in particular the cost required to sustain a sufficient network density. It has been further evidence that the new local entrants did not consult or recruit the expertise necessary for the successful roll out or the maintenance of the basic services.

238- Most of these players do not operate on the app-hailed passenger vehicle market, and ECA's analysis shows that there are no incentives for them to operate on it absent adequate commitments. As for the companies that currently operate or are willing to operate on the relevant market such as Go By, WNGO, Dubci and Beep, their entry will most likely be an efficient one according to ECA's criteria of assessing effective entry (for the reasons explained above in Section 4.3.1).

239- ECA also recognizes that in the past there have been several attempts of failed entry onto the market (such as those by PQ and Ousta). ECA envisions that given that such failed entry took place in the presence of the current incumbents, it may be more likely to happen in the post-transaction scenario.

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[229] London Cab's website, available at: https://www.sixt.com.eg./london-cab/
[230] Meeting between ECA and [*], signed meeting minutes, 18 September 2018.
[231] London Cab's website, available at: https://www.sixt.com.eg./london-cab/.
[232] Transcript of a meeting with a third party, signed and dated on 18 September 2018.
[233] Ibid.
[234] Go By an Egyptian ride-sharing company competes with Uber and Careem, Masrawy, 20 February 2019. Available at:https://www.masrawy.com/news/news_economy/details/2019/2/20/1518222/-%D8%AC%D9%88-%D8%A8%D8%A7%D9%8A-%D8%B4%D8%B1%D9%83%D8%A9-%D9%85%D8%B5%D8%B1%D9%8A%D8%A9-%D9%84%D9%84%D9%86%D9%82%D9%84-%D8%A7%D9%84%D8%AA%D8%B4%D8%A7%D8%B1%D9%83%D9%8A-%D8%AA%D9%86%D8%A7%D9%81%D8%B3-%D8%A3%D9%88%D8%A8%D8%B1-%D9%88%D9%83%D8%B1%D9%8A%D9%85
[235] Meeting between ECA and [*], 17 July 2019.

240- The Parties have used the example of Go-Jek's entry in Singapore as an indicator that entry by local players is likely.[236] ECA finds that there are significant differences between Egypt and Singapore that show that the latter cannot be used as a perfect example for what may happen on the Egyptian market in the post-transaction scenario.[237] Nevertheless, ECA addresses this example (as will also be done at various points in Section 5): although Go-Jek announced that it would enter the Singaporean market in March 2018[238], it actually entered in November 2018[239], after the Competition and Consumer Competition of Singapore ("CCCS") issued commitments to the Parties.[240] These commitments, which significantly amended the transaction, may have incentivized Go-Jek to enter the market.

4.4.1.2. International players

241- ECA's investigation has shown that all the international players the Parties' have listed in their submissions to ECA do currently not have a concrete business interest to enter the Egyptian app-hailed passenger vehicle market.

242- A main international player, upon ECA's enquiry, has expressed that it "has no foreseeable market entry or investment plans [in the region]".[241] ECA notes that this international player has previously entered the market but withdrew two months later. ECA has contacted other major international ridesharing companies[242] previously-mentioned by the Parties and has not received any response from any of them.

Conclusion

243- In conclusion, ECA finds that the ride-hailing market as a whole currently presents a number of significant barriers to entry and expansion. Potential entrants may face barriers due to: the lack of short-term profitability on the market; the requirements and costs of building and managing a network; the difficulty of accessing funds and of attracting drivers and vehicles; the difficulty of overcoming brand loyalty; and the importance of access to data.

244- ECA's investigation showed that indeed, there are no other actual competitors on the Egyptian app-hailed passenger vehicle market, and that international competitors currently show no evidence of likelihood of entering the market. While some of those barriers may

[236] CRA Response, Section 2.4.
[237] Some of the main differences between Egypt and Singapore are income gaps, differences in market maturity, and competitive landscape. These factors are relevant for a competition assessment as they effect the behavior of consumers on the market, but also of investors who may wish to enter the market.
[238] Presentation by Parties at meeting with ECA, 2 May 2019, p. 13.
[239] Ibid.
[240] Competition and Consumer Commission in Singapore (CCCS), Section 68 of the Competition Act (Cap. 50B), Case No. 500/001/18, 24 September 2018, §182; Competition Commission of India, Case No. 96 of 2015, 10 February 2016.
[241] Submission by [*] to ECA, 12 April 2019.
[242] In an official letter sent out by ECA in March 2019.

be already existing prior to the transaction, they are very likely to increase and become more pronounced and enhanced as a result of the transaction. Other barriers may be created because of the loss of rivalry. The market situation in the post-transaction scenario may as such lead to significant harm on the structure of the market and both riders and drivers.

5. Theories of harm

245- ECA's conclusion is that the transaction involves the concentration of the closest competitors in the relevant market. This would result in the elimination of the principal competitive constrains and the increase of market power post-transaction. This may negatively affect consumer choice, lead to price increase, degrade quality standards, and reduce innovation. The transaction may also provide the post-transaction entity with more incentives to leverage market power into adjacent verticals leading to an overall loss in consumer welfare.

246- The counterfactual situation will be addressed throughout the following section, specific to each theory of harm. The counterfactual situation that will be used for comparison in each theory of harm will be that Uber and Careem would have continued to compete; ECA has not found any evidence that Careem would have exited the market but for the transaction.

5.1. Effects on pricing

247- Post transaction, the combined entity will have a greater incentive to increase the price of the service, reduce output, or reduce payments to drivers to the detriment of drivers and riders.

248- ECA's inspections of possible unilateral anticompetitive effects on prices focuses on how the proposed transaction might change the incumbent's ability and incentives to increase the price of its service.[243] On the rider side of the market, although riders put great value on non-price factors, 35% of multi-homing users would still compare prices between the Parties' apps.[244] For drivers, the transaction may lead to reduced incentives and revenues. Many statements from the Parties and other evidence, as illustrated below, suggest that the likelihood of such harm is concrete.

5.1.1. For riders

5.1.1.1. Direct price increase

[243] European Commission, Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ 2004/C 31/03, 5 February 2004, §22.
[244] ECA survey.

249- The post-transaction entity might directly increase the price of the service, whether by increasing the price of the trip, the base fare, the price of the kilometer and of the minute, or by cancelling promotional discounts offered by the post-transaction entity to riders.[245]

250- The findings above (in Section 4.3.2) show that both Parties achieved low (if any) profit margin. Moreover, the outcome of Uber's recent IPO may increase the pressure on the company to raise prices in order to achieve profits. This suggests that the company will likely consider price increases on the rider side as well as a reduction in rider incentives (i.e. promo-codes) to increase revenues and reduce the cost of service. This incentive may be enhanced after the elimination of competition. The closeness of competition between the Parties has a direct impact on their profit margins. Such constraints may be significantly reduced as a result of the transaction.

251- The recent introduction of "upfront pricing" by Uber may decrease the transparency of how prices are calculated by introducing a new element of estimation on behalf of Uber. It may also allow, in the future, for the introduction of increased personalization of prices with reduced consumer awareness of such a change. The ability of the post-transaction entity to combine trip and customer-behavior datasets may further exacerbate this risk of personalized pricing.[246] This may exacerbate the ability of the post-transaction entity to raise prices post transaction by reducing consumer transparency on how prices are calculated.

5.1.1.2. Indirect price increase

252- The post-transaction entity might indirectly increase the price of the service through increase occurrence of surge and/or higher surge multiplier.[247] This may happen through a decrease in number of drivers or through manipulating the surge algorithm.

[245] This was the case in Singapore after the Uber/Grab merger. Due to the power gained in the post-transaction situation, the Singapore competition commission found that Grab had the ability to increase prices to offset historical losses incurred because of strong competition from Uber. The same likelihood exists in Egypt, as ECA's analysis shows that the Parties are each other's closest competitors and would have the ability and incentive to raise prices. This example is used for illustrative purposes and is without prejudice to the fact that ECA finds the Egyptian and Singaporean markets to be significantly different, as expressed above in §236. See: Competition and Consumer Commission of Singapore, Notice of Infringement Decision, Sale of Uber's Southeast Asian business to Grab in consideration of a 27.5% stake in Grab, Case No.: 500/001/18, 2018, European Commission, Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ 2004/C 31/03, 5 February 2004, §143, 281, 291.

[246] Ariel Ezarchi and Maurice E. Stucke, Virtual Competition, Harvard University Press, 1st Edition, 2016, p. 85.

[247] Surge pricing is "*automatically applied when demand outstrips supply by a significant amount in a given area at a given time, to attract additional drivers and help ensure that riders who really want a ride can get one … Uber measures supply and demand by seeing how many riders have opened their rider app and are looking for a ride at that time and place and how many drivers are online in the driver app and available to immediately accept ride requests in the vicinity of the rider making the request.*" (submission by Uber to ECA, 5 February 2019, p. 3).

253- A decrease in the number of drivers would reduce supply on the market, triggering higher occurrence of surge (as explained further in Section 5.1.2.2).

254- Similarly, the post-transaction entity may manipulate its surge algorithm, increasing the occurrence of surge or imposing a higher surge multiplier than actually needed to attract drivers and regulate supply and demand.

5.1.2. For drivers

5.1.2.1. Decrease in driver incentives

255- In order to be more profitable, the post-transaction entity may increase the company's commission (or the service fee it receives from drivers) or may decrease drivers' incentives. As was stated in Uber's prospectus, when Uber reaches sufficient scale, drivers' incentives may be reduced.[248] Uber has additionally stated that any ridesharing company needs to invest heavily in attracting drivers, but that promotional investments may be annulled as the service becomes more established.[249] Taking into consideration that in the post-transaction situation, the service provider will be better established when there is no longer any competitive pressure in the relevant market.

256- A significant number of drivers have stated to ECA that they would increase their use of ride-hailing services were income to be reduced. This suggests that they have no meaningful outside option; a strong reason for this could be that they have financial commitments such as car finance servicing or other installments. It also suggests that the post-transaction entity will have very strong power vis-a-vis this vulnerable group. Were the post-transaction entity to be able to target reductions in wages to particular drivers or groups of drivers, ECA expects this group of drivers, dependent on ride-hailing services, to suffer disproportionately.

5.1.2.2. Decrease in number of drivers

257- The elimination of the competitive pressure may give the post-transaction entity greater incentives to decrease the number of drivers directly through decreased on-boarding and other mechanisms. This will also affect surge leading to an overall price increase on rider's side. ECA is highly concerned that this may be the way Uber behaves in the post-transaction scenario.

258- ECA assesses what may instead happen in the counterfactual. In the presence of competition, the Parties will significantly constrain each other's ability to reduce driver wages as any reduction by one competitor will result in drivers switching to the other

[248] Uber Technologies Inc., Amendment No.1 to Form S-1 Registration Statement, 26 April 2019, p. 14. Available at: https://www.sec.gov/Archives/edgar/data/1543151/000119312519120759/d647752ds1a.htm.
[249] Submission by the Parties to ECA, 6 March 2019, §8.5.

competitor. Data submitted by the Parties support this assessment. Indeed, towards the end of 2016 when Uber increased driver wages, there was a significant increase in the number of trips on Uber's platform compared to that of Careem.

259- Competition between the Parties has induced each platform to reach an optimal supply rate. ECA observes that each platform has a strong incentive to maintain an incontestable segment of the supply: each platform competes to decrease the rate of "churn and turn".[250] Increasing supply is a strong element of competition on the ride hailing market.

260- On the other hand, if the transaction is consummated, the elimination of competition may reduce the incentives offered to attract and keep drivers within the post-transaction entity's platform. This would likely increase surge rate, all else equal. Such scenario, if implemented, will harm both sides: the rider and the driver.

5.2. Effects on non-price features

261- As discussed previously, users of ride-hailing applications do not make choices only based on price: 80% of riders choose Uber and Careem for non-pricing criteria.[251] Similarly, 28% of users will prefer the service-provider that offers shorter waiting time, even if it is more expensive.[252]

262- ECA is concerned that, in the absence of competition, the post-transaction entity will be disincentivized to maintain current non-price advantages. This can take place in the form of service degradation, reduced consumer choice, and reduced innovation.

5.2.1. Quality degradation

263- Quality is often the primary dimension on which firms compete.[253] The lack of competition may lead to the absence of incentives to maintain high quality of the service.[254]

264- In the ride-hailing market, quality and quantity are interconnected: the higher the quality standards of vehicles admitted within the platform, the lower the number of vehicles admitted; the stricter the background checks, the lower the number of drivers admitted.

265- Given the above, that Uber achieves low (if any) profits, which has been confirmed in the Uber prospectus and given the pressures arising from Uber's performance during its IPO, Uber may have the incentive to target vehicles of lower standards in order to target lower-

[250] Ibid., §8.9.
[251] ECA survey.
[252] Ibid.
[253] Gregor Crawford and Matthew Shum, Monopoly Quality Degradation and Regulation in Cable Television, Journal of Law and Economics, Vol. 50, No. 1, 2007, p. 181.
[254] Ibid.

wage drivers. In the absence of competition, firms may sacrifice quality to increase quantity.

266- Globally, Uber appears to have become more and more lenient with its driver's admission standards and the required documents.[255] Such a similar change in policy may occur in Egypt. Reducing hiring standards may also result in damaging the perceived safety and security advantage of the service; 19% of the respondents in ECA's rider survey analysis chose ride hailing because it is "much safer than other modes of transport".[256]

267- In the post-transaction scenario, Uber can act independently from the standard of service set by its competitors and those expected by its consumers. Such independence will significantly reduce any motivation to improve the service.

5.2.2. Reduced consumer choice

268- ECA believes that competition policy must ensure that consumers on the market are provided with a significant range of meaningful options. This is threatened by the proposed transaction, especially given current plans to maintain two separate brands.[257] This may give consumers the illusion that they have two separate firms to choose from, while in fact, the two platforms are operated by the post-transaction entity. ECA is concerned that post-transaction brand proliferation may have anti-competitive effects, such as crowding consumers with the two brands and raising risks of bundling, especially given that one of ECA's priorities is maintaining consumer choice.

269- In the post-transaction scenario, the entity will have control over both originally separate Uber and Careem brands. The concern is that the control of a post-transaction entity over different brands "makes expansion or entry by rivals more difficult".[258] The strength of a combined entity may be "accentuated by a unique portfolio of brands".[259] By maintaining two separate brands, the post-transaction entity will entrench its market power, raising entry barriers. This will further deter potential competitors from entering the market, especially when, in the eyes of the consumer, there are two seemingly competing platforms. Consumers, constrained by both behavioral patterns and their device's storage capabilities[260], and believing that they already have two competing applications, may not even consider the benefits of downloading a third application.

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[255] David Owens, Uber Says It Will Begin to Accept Drivers in Connecticut with Minor Criminal Records, Courant, 18 November 2018. Available at: https://www.courant.com/news/connecticut/hc-uber-connecticut-criminal-records-1118-20161118-story.html.

[256] ECA survey.

[257] Uber Technologies Inc., Amendment No.1 to Form S-1 Registration Statement, 26 April 2019, p. 156. Available at: https://www.sec.gov/Archives/edgar/data/1543151/000119312519120759/d647752ds1a.htm.

[258] European Commission, Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ 2004/C 31/03, 5 February 2004, §49.

[259] Court of First Instance, Babyliss SA v Commission, No. T-114/02, 3 April 2003, §344.

[260] Court of First Instance, Microsoft v Commission, No. Case T-201/04, 17 September 2007, §1044.

270- The illusion that there are two separate platforms may have an effect on pricing, namely on trip fares and surge rates. The two platforms will "share consumer demand and driver supply across both platforms".[261] Given the Parties' claim that price is determined according to supply and demand[262], ECA is concerned that sharing supply and demand will mean that the platforms will no longer compete on price. Therefore, the existence of two applications, which will seem separate, may weaken users' ability to choose the better-priced service.

271- Instead, the post-transaction entity may choose to price both applications differently. For example, it may use Careem's reputation of being the more local brand[263] and price Careem rides lower than Uber rides. While this may be beneficial for the consumer in the short-run, it will mean that the post-transaction entity is using the Careem application to "occupy the space"[264] of the more affordable, local option, foreclosing entry. In the event of entry, the post-transaction entity will be able to use one of its brands as a "fighting brand", competing directly with the entrant while maintaining profit margins on its other brand. This will decrease the cost of fighting entry, and thus deter entry itself.[265]

272- The maintenance of separate applications may also affect non-pricing factors. As discussed previously, while some users are price-sensitive, a significant number of users place importance on non-price factors, such as wait time. Sharing the fleet of drivers across the two applications unifies the inputs behind the calculation of wait time.[266] Consumers who may wish to switch between the two separate applications in order to find the shortest amount of wait time may not find much of a difference between both platforms. Therefore, ECA's concern is that the post-transaction entity will not improve wait time on either platform in the post-transaction situation.

273- In conclusion, ECA is concerned that the post-transaction scenario will not only entail the presence of a single powerful entity, but that consumers may not realize this reduction due to the existence of two seemingly competing platforms.

5.2.3. Reduced innovation

274- The common view is that firm will only have the incentive to innovate if it is spurred to do so by competition.[267] "In markets where innovation is an important competitive force",

[261] Uber Technologies Inc., Amendment No.1 to Form S-1 Registration Statement, 26 April 2019, p. 156. Available at: https://www.sec.gov/Archives/edgar/data/1543151/000119312519120759/d647752ds1a.htm.
[262] Submission by Uber to ECA, 5 February 2019.
[263] Ibid. p. 69.
[264] Submission by Uber to ECA, 6 November 2019, Annex 2, p. 2.
[265] Justin P. Johnson and David P. Myatt, Multiproduct Quality Competition: Fighting Brands and Product Line Pruning, American Economic Review, Vol. 93, No. 3, 2003, pp. 748-774.
[266] Mergers and Acquisitions Notice, submitted by the Parties to ECA on 7 April 2019
[267] OECD, Considering Non-Price Effects in Merger Control, Background Note by the Secretariat, 6 June 2018, §11.

such as digital markets, risking a decrease in innovation is detrimental to the market.[268] Indeed, the EU Commission has considered reduced innovation as a key theory of harm in many mergers on the digital market, including that of Microsoft/Linkedin[269] and Microsoft/Yahoo![270].

275- ECA observes that the transaction in question may have negative effects on innovation since the post-transaction entity may be disincentivized by the transaction from continuing to innovate and/or be discouraged from upholding the acquired party's previous innovative strategies.

276- Uber has stated that one of its growth strategies is "pursuing targeted investments and acquisitions".[271] As will be shown below, some of these acquisitions have led to decreased innovation.[272]. ECA is concerned that the post-transaction entity will have fewer incentives to continue developing projects Careem has started. This raises the risk of decreased innovation, especially since the acquired party, Careem, is considered by Uber as an innovative player.[273] On the other hand, Uber "claims to be highly 'innovative' (…) but has never provided evidence that any of these 'innovations' constitute powerful competitive advantages".[274] The question is whether, pre-merger, the acquiring party was threatened by the acquired party and hence chose to acquire it.[275] As seen above[276], Careem had previously started eating into Uber's market. Therefore, ECA is concerned that the post-transaction scenario will result in halting Careem's previous innovative strategies instead of developing them or allowing Careem to develop them. Careem has brought two key innovations to the markets introducing more "local"[277] services and offering rewards programs that Uber does not.

277- Careem offered cash payments prior to Uber, a concept more popular in the Middle East than that of card payments. Careem has also introduced tuk-tuks prior to Uber. Careem arguably exerted these efforts of innovation in response to competition with Uber. Therefore, Careem worked off Uber's short-comings and brought new features into the Egyptian ride-haling market. In turn, Uber soon followed by introducing cash payments to

[268] European Commission, Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ 2004/C 31/03, 5 February 2004, §28.
[269] European Commission, Microsoft/LinkedIn, No. M.8124, 6 December 2016, §246.
[270] European Commission, Microsoft/Yahoo, No. M.5727, 18 February 2010, §109.
[271] Uber Technologies Inc., Amendment No.1 to Form S-1 Registration Statement, 26 April 2019, p. 18. Available at: https://www.sec.gov/Archives/edgar/data/1543151/000119312519120759/d647752ds1a.htm.
[272] Competition and Consumer Commission of Singapore, Notice of Infringement Decision, Sale of Uber's Southeast Asian business to Grab in consideration of a 27.5% stake in Grab, Case No.: 500/001/18, 2018.
[273] IPSOS survey (submitted by the Parties to ECA, 10 May 2019, Annex 8, p. 95)
[274] Hubert Horan, Will the Growth of Uber Increase Economic Welfare?, Transportation Law Journal, Vol. 44, No. 33, 2017, p. 52.
[275] Marc Borreau and Alexander de Streel, Digital Conglomerates and EU Competition Policy, 2019, p. 33.
[276] Figures 6 and 7, Tables 3 and 4.
[277] Submission by the Parties to ECA, 3 June 2019, Annex A, p. 3.

its platform in Egypt in June 2016.[278] This serves as an example to show how competitive pressure had previously increased innovation on the app-hailed passenger vehicle market.

278- ECA is concerned that the lack of competitive pressure post transaction will not only reduce the entity's motivation to innovate, but will also lower the standard of the market. In a scenario where the post-transaction entity on the market does not care to innovate, consumer expectations are reduced. In a competitive market, undertakings will compete to meet consumer expectations. In a market monopolized by the post-transaction entity, innovation will be underprovided.[279] This may create a dysfunctional equilibrium, where consumers will no longer expect new or innovative services.

279- Moreover, the European Commission has previously concluded that even if these new entrants react in the form of higher innovation efforts, this would be insufficient to compensate the reduction of innovation effort by the post-transaction entity.[280]

280- Notably, the term innovation does not only describe the technical innovation that brought the market into existence, but it also describes innovative processes, marketing, and rewards programs. The post-transaction scenario may diminish these programs, resulting in inefficiencies.

281- For example, Careem currently offers a program where users can purchase a package of kilometers to use at any time, not subject to surge pricing. Uber does not provide similar offers. In fact, Careem is perceived by consumers to be more discount-oriented.[281] ECA is concerned that this form of innovation may be removed in the post-transaction scenario, in addition to any absolute reduction in the level of the promotions and bonuses available.

282- Indeed, after the transaction between Uber and Grab in Singapore[282], Grab announced changes in its GrabRewards Scheme. The scheme offered riders the chance to earn points and exchange them for offers and benefits.[283] Soon after the merger, Grab announced changes to its GrabRewards scheme, reducing the number points earned by riders per dollar spent on Grab's trips and increasing the number of points required for redemptions. The Competition and Consumer Commission of Singapore found that this effectively increased fares by about 10%-15%.[284] While CCCS was generally concerned about the loyalty-

[278] Uber in 2016: Egypt Data, Think Marketing, Available at: https://thinkmarketingmagazine.com/uber-egypt-2016/
[279] Maurice E. Stucke and Allen P. Grunes, Big Data and Competition Policy, Oxford University Press, 1st Edition, 2016, p. 6.
[280] EU Commission, Dow/DuPont, No. M.7932, 27 March 2017, §45.
[281] IPSOS survey (submitted by the Parties to ECA, 10 May 2019, Annex 8, p. 71).
[282] This example is used for illustrative purposes and is without prejudice to the fact that ECA finds the Egyptian and Singaporean markets to be significantly different, as expressed above in §236.
[283] GrabRewards Program, Grab's Official Website. Available at: https://www.grab.com/my/grabrewards/.
[284] Competition and Consumer Commission Singapore, Grab/Uber Merger: CCCS Provisionally Finds that the Merger Has Substantially Lessened Competition, Proposes Directions to Restore Market Contestability and to Impose Financial Penalties on the Parties, Press Release, 5 July 2018, §3.

inducing effects of the GrabRewards program, ECA has no evidence that the packages offered by Careem pose such a threat at this time. Hence, the incident in Singapore materializes ECA's concern that the post-transaction entity may eliminate innovative packages, to the detriment of consumers. Moreover, as shown previously, the removal of such packages may lower market standards and keep potential entrants from offering such packages.

283- Therefore, ECA is concerned that the transaction may halt innovation on the market as a whole given Careem's reputation as an innovative firm and Uber's history. But for the acquisition, Careem would continue to try to gain market power by innovating as the more local brand. Likewise, Uber would continue to innovate in response to Careem's innovation by adapting its international strategies to the Egyptian market, either by adding new services or by creating new promotional incentives. However, the lack of competitive pressure on the post-transaction entity will only discourage it from innovating.

284- In conclusion, ECA is concerned that the above-mentioned non-pricing factors may be negatively affected in the post-transaction scenario, harming consumers and hampering the market structure as a whole.

5.3. Impact of unilateral actions on adjacent or complementary markets

285- In the post-transaction scenario, the overlap between Uber and Careem's activities may enhance the post-transaction entity's incentives to leverage its combined assets (notably given Uber's superior access to funds)[285] into markets adjacent or complementary to that of the app-hailed passenger vehicle market, increasing the risk of foreclosure on these markets.[286] These markets, as presented in the market definition, are those of app-based ride-hailing services through buses, scooters, and tuk-tuks as well as app-based delivery markets. This may reduce the probability of current or potential competitors on the adjacent or complementary markets, regardless of their size, competing with Uber and Careem's operations.

286- Almost all third party submissions have raised concerns that the post-transaction entity, given its position in the post-transaction scenario, will "shift its focus and spend money to grow in other markets to dominate them".[287]

287- This can be done through Uber's deep pockets capabilities which, in the absence of effective competition, may create greater incentives for Uber to dominate operations on different markets by leveraging its assets, including those procured through its activities

[285] Section 4.3.4.
[286] Maurice E. Stucke and Allen P. Grunes, Big Data and Competition Policy, Oxford University Press, 1st Edition, 2016, p. 7.
[287] Submission by [*] to ECA, 17 April 2019

on the market in question.[288] This may reduce the chance of new competitors, regardless of their size, entering the adjacent or complementary markets to compete with Uber and Careem's operations.

288- There is also a risk that the post-transaction entity may engage in anti-competitive tying. Even with the option of multi-homing, the post-transaction entity may tie systems and services to one another, making it difficult for consumers to switch to other competitors. This is indeed one of the Parties' plans: to "develop multi-modal solutions" and enable consumers to "[use] the app to 'plan the journey'".[289] While integrating the Parties' applications with other modes of transport can be considered an efficiency, tying together the post-transaction entity's different services is likely to be harmful. Consumers usually exert little effort to switch between services if they are tied together.[290] In fact, consumers will rarely notice the long-term harms of these practices.[291] Therefore, ECA is concerned that the post-transaction entity may be able to use their power on different markets to tie services from these markets together.

289- ECA finds that the conglomerate may have incentives to leverage its power and assets from one vertical on to others. Given Uber's current access to funds and the post-transaction entity's perceived position on the app-hailed passenger vehicle market, ECA is concerned that the post-transaction entity may use these factors to avoid competition on adjacent and complementary markets.

6. Possible beneficial effects of the transaction

290- According to the notifying Parties, the transaction would "spur growth and expand affordable and attractive transport solutions".[292] ECA agrees that a transaction that leads to economic efficiencies may be considered beneficial to competition. Economic efficiency is defined in Article (2)(e) of ECL as: "decreasing the average of the variable cost of products or improving their quality, or increasing output or distribution, or producing or distributing new products, or accelerating their production or distribution".

291- Referring to the legal framework laid out previously, Article (6)2 of ECL grants agreements prohibited under Article (6) an exemption if said agreements lead to economic efficiencies. These efficiencies must be directly resulting from the agreement (i.e. agreement specific and impossible to be achieved through other means), must be passed on to consumers, and must outweigh the effects resulting from the restriction of competition. Accordingly, ECA's assessment must ensure that the claimed efficiencies must be passed

[288] Maurice E. Stucke and Allen P. Grunes, Big Data and Competition Policy, Oxford University Press, 1st Edition, 2016, p. 7.
[289] Submission by the Parties to ECA, 6 March 2019, §7.10.
[290] Jason Furman, Unlocking Digital Competition: Report of the Digital Competition Expert Panel, March 2019, p. 36.
[291] Ibid.
[292] Submission by the Parties to ECA, 6 March 2019, §7.11.

on to consumers, be agreement-specific, verifiable and outweigh the effects resulting from the restriction of competition. [293]

292- In that context, the notifying Parties have claimed a number of efficiencies that allegedly will result from the transaction. However, the Parties did not establish the verifiability of these efficiencies in particular that they would benefit consumers, and that they would result specifically and exclusively from the transaction.

293- The claimed efficiencies are: more precise and efficient mapping capacities, the ability to introduce new customer services, low-cost alternatives, and new products; and increased driver density.[294]

- The acquirer has claimed that by acquiring Careem, the post transaction entity would be more effective in pursuing new solutions than either party would independently. One way the acquirer explained this efficiency was by arguing that the acquired company has more region-specific mapping technology/data.

  In that context, ECA finds that this efficiency is not merger-specific; sharing mapping data/technology may be achieved by other less restrictive means. For instance, a map data licensing agreement could be a reasonable alternative regarding the business practices in the ride-hailing industry. Licensing agreements are common between competitors and often result in efficiencies. Moreover, ECA is of the position that this particular efficiency even if established is not significant and does not justify the restriction of competition resulting from the agreement.

- The Parties have submitted that the transaction will roll-out new customer services, such as those of on-boarding, compliance, anti-fraud services, and better processing of users' claims and requests.[295]

  ECA believes that this improvement is not merger-specific, as it can be achieved independently and the Parties did not submit any evidence to quantify the contribution of their agreement to this purpose, and whether their agreement is indispensable to this effect.

- Another efficiency the acquirer presents relates to the growth of transportation services. The Parties allege that "the transaction will provide the merged entity with the means to succeed in bringing low-cost alternatives to (…) Egypt's population that does not currently utilize ridesharing"[296], or expanding and improving the HCV model.[297]

  ECA does not find this alleged efficiency to be specific to the transaction in question. The efficiency of expanding HCVs is not agreement-specific; as the Parties did not

[293] European Commission, Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ 2004/C 31/03, 5 February 2004, §86.
[294] Submission by the Parties to ECA, 6 March 2019, §1.3.
[295] Presentation by Parties at meeting with ECA, 2 May 2019, p. 33.
[296] Submission by the Parties to ECA, 6 March 2019, §7.11.
[297] Presentation by Parties at meeting with ECA, 2 May 2019, p. 33.

establish the extent to which the restriction of competition between the Parties on the app-booked HCVs market is necessary for the attainment of this claimed objective. Moreover, the proposed transaction entails the sale of "Careem's entire business, including its subsidiaries".[298] To that extent, the Parties did not establish the reason for which the acquisition of the entire business by Uber is necessary for the attainment of this objective in the said market. For instance, SWVL is a provider of app-booked HCVs and was able to revitalize the market without acquiring the entire business of another competitor.

- Similarly, the Parties claimed that the transaction would create "new products".[299] In order to validate this efficiency it must be verifiable: the claimed efficiencies and their benefits to consumers should be quantified.[300]

  ECA finds that the Parties have not submitted any evidence or examples as to these new products. The only plans presented to ECA regarding "future shared rides" were limited to the integration of taxis and public transportation means as well as the introduction "ExpressPOOL".[301] The integration of taxi and public transportation on application platforms is not a new service. The only product arguably new to the Egyptian market would be the introduction of ExpressPOOL. However, this service is similar to the existing high capacity vehicle service. Moreover, Uber's ability to develop this service is not merger-specific; it does not depend on its acquisition of Careem, as it already has "experience in operating POOL and ExpressPOOL in other countries".[302]

  Moreover, one of the new services proposed is that of digital payment processing services. The Parties claim that Careem has recently launched Careem PAY in Egypt and that this "e-wallet is available in Egypt together with Careem app". The claimed efficiency is that, following the transaction, "more riders may have access" to this service.[303]

  However, ECA notes that Careem PAY is not yet available in Egypt. Instead, Careem currently offers a simple e-wallet system that users can only use in-app to save ride credit or send it to other users. In fact, the Parties' have previously noted that "Careem does not provide Careem PAY in Egypt"[304] and that Careem has no "firm plans to launch Careem PAY in Egypt at present"[305]. ECA is hence of the view that this efficiency is not verifiable: Careem PAY has not been launched in Egypt and hence will not be an option for Egyptian consumers to access post transaction. Furthermore,

[298] Submission by the Parties to ECA, 6 March 2019, §7.11.
[299] Ibid., §1.3
[300] European Commission, Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ 2004/C 31/03, 5 February 2004, §86.
[301] Submission by the Parties to ECA, 6 March 2019, §7.10, Figure 10.
[302] Ibid., §7.13
[303] Presentation by Parties at meeting with ECA, 2 May 2019, p. 33.
[304] Submission by the Parties to ECA, 6 March 2019, §7.11.
[305] Ibid., footnote 11.

the Parties have not presented ECA with any verifiable plans to gain the regulatory approval (earning an open-wallet license) required to launch this service in Egypt.

Even in that case, it has to be established the extent to which that launching this service cannot be achieved in the absence of the agreement.

- The Parties have claimed that the transaction will bring higher network density[306], namely by reducing churn and turn.[307]
  ECA notes that none of its findings contradict the Parties' view that the transaction may increase network density for the entity. However, reducing churn and turn is a benefit for the post-transaction entity, which does not necessarily reflect on nor benefit consumers, or more specifically, riders. In fact, the ability to churn and turn is one of the main positive characteristics of multi-homing markets and often results in creating incentives for competing undertakings in increasing the base of their customers on both sides of the market.

294- In later submissions, where the Parties were granted the opportunity to elaborate on the above efficiencies or present new ones, ECA noticed that the efficiencies the Parties have previously submitted, such as improved mapping and shorter wait times, are no longer considered by the Parties as significant efficiencies. These examples are iterated below.

295- Uber had previously submitted that one of the efficiencies of the transaction is utilizing Careem's maps: "Careem has mapping data/technology which is more region-specific"[308] and that "Careem has superior mapping capabilities than Uber, in particular local 'points of interest' in its maps"[309]. More recently, the Parties have, when discussing the relative unimportance of mapping data on the market, stated that "mapping is widely available from third parties"[310] and that "Uber uses internal and licensed maps data and recent data on time and distance from similar trips"[311] and that "Uber has remained the largest ridesharing company in Egypt despite Careem's better mapping capabilities"[312]. Therefore, it seems as one of the key efficiencies of the transaction, improved mapping capabilities, is no longer a priority for the Parties. This reinstates ECA's argument that there are less restrictive means to improving mapping capabilities: Uber can continue to license maps from third parties or from Careem itself.

296- The Parties had previously submitted that one of the efficiencies of the transaction is shorter wait times. Specifically, in the meeting on May 2, the Parties mentioned multiple times that the transaction should shorten waiting times by "[*] seconds", stating that these

[306] Ibid., §8.2.
[307] Ibid.
[308] Submission by the Parties to ECA, 6 March 2019, §7.14.3.
[309] Presentation by Parties at meeting with ECA, 2 May 2019, p. 33.
[310] CRA Response, §2.5.3.
[311] HSF Response, §5.57.2.
[312] HSF Response, §5.70.

[*] seconds would have a positive ripple effect on the whole operations of the Parties, enough to outweigh the harms of the transaction.[313] Conversely, in their discussion of the importance of data, the Parties state on Page 28 of the CRA submission that "(…) service improvements due to Uber's technology and use of data, (…) are of comparatively limited importance relative to other factors. For example, Uber estimates that its proprietary matching technology has reduced wait times by around [*] seconds per ride. (…) This [*] second improvement is itself likely an upper bound (and considerable overstatement) of the benefit of data". Similarly, in Page 24 of the CRA Submission, the Parties state "Uber estimates that its matching technology allows it to reduce the average waiting time for a trip by around [*] seconds. This is an important efficiency improvement but is not consistent with data access being essential for rivals to operate". The Parties have not shown that such an improvement is an efficiency that justifies the transaction; if it does not justify access to data, then it surely does not justify the acquisition of one player by its closest competitor.

297- In the Parties' submission dated 28 August 2019, the Parties submitted a simple stylized model of efficiencies that may be gained from the transaction. Their model assumes that the Parties will not constrain driver numbers post-transaction. Central to the model is an assumption that relates the number of available drivers to waiting times.

[*]

298- ECA has assessed whether this assumed relationship is compatible with historical data supplied by the Parties in the course of the investigation. It has done so by conducting a simple regression of the log of pick-up time against a constant, α, and the log of the number of unassigned drivers. The coefficient of the unassigned drivers would thus measure the impact of an increase in the number of unassigned drivers on the pick-up time.

[*]

Source: Uber's historical data

[*]

Source: Careem's historical data

299- In both cases the coefficient for the log of unassigned drivers is substantially lower than the coefficient asserted by the Parties [*] for Uber and [*] for Careem - compared to the Parties assumption of [*]. This implies that the impact of an increase in the number of drivers on waiting time is approximately [*] times less than the Parties assumption i.e. a

[313] Meeting between ECA and the Parties, 2 May 2019.

[*]% increase in the number of unassigned drivers would decrease waiting times by [*]% for Uber and [*]% for Careem respectively, instead of [*]% as assumed by the Parties.

300- The methodological flaws in the Parties analysis lead the ECA to significantly discount its evidentiary value. Given the significant competition concerns identified by the ECA, including the likelihood that the transaction itself will provide incentives for the Parties to reduce overall driver numbers and thus increase waiting times and the occurrence of surge, the ECA is unable to conclude that the transaction as currently structured will create sufficient efficiencies to offset the clear harm to competition.

301- By analyzing the Parties' proposed efficiencies in light of the three cumulative conditions, ECA is concerned as to the ability of the transaction to create verifiable efficiencies that can be passed on to consumers, unless the Parties commit to mitigate all the harm on competition ECA perceives.

7. Commitments

302- After the conclusion of substantive discussions, the Parties presented ECA with a number of commitments in a total of five proposals. ECA tested each proposal and responded to the Parties in writing and through a number of meetings held at ECA. The following process is explained below:

- The Parties' First Commitments Proposal (3 September 2019);
- ECA's Commentary on Commitments Offered by the Parties[314] (22 September 2019);
- The Parties' Second Commitments Proposal (16 October 2019);
- Results of Market Testing of the Parties' Second Commitments Proposal (31 October 2019);
- The Parties' Third Commitments Proposal and their response to the ECA's Market Test Results (6 November 2019);
- The Parties' Commitment in Relation to UberBus (19 November 2019);
- Results of Market Resting of the Parties' Third Commitments Proposal (25 November 2019);
- The Parties' Second Commitment in Relation to UberBus (9 December 2019);
- The Parties' Fourth Commitments Proposal and their Third Commitment Proposal in relation to UberBus (11 December 2019);
- The Parties' Fifth Commitments Proposal (18 December 2019).

303- The final document, received on 18 December 2019, presented commitments that were found to amend the function of the transaction in a way that addresses ECA's concerns and

[314] In this document, ECA highlighted to the Parties a number of commitments from previous cases, as examples of international best practices, that could be used to mitigate ECA's concerns.

facilitates entry in a way that outweighs the harm by the transaction, within the meaning of Article 6(2) ECL.

304- The table below summarizes ECA's concerns and includes a (non-confidential) summary of each commitment used to mitigate them. A more detailed description of the commitments can be found in the Non-Confidential Commitments Proposal.

Mitigated ECA concern	Commitment from Parties
Price-related harms	
Total organic fare may increase	Uber shall not raise the Total Organic Fare beyond 10% per year above Inflationary Cost Increases for Uber X and Careem GO Egypt-wide (ensuring that prices can only increase at a rate lower than that in the pre-transaction scenario). For the avoidance of doubt, individual components of the Total Organic Fare may exceed the 10% threshold, as long as the Total Organic Fare does not exceed that threshold.
Commission may increase	Uber shall maintain the contractual Service Fee for Uber X across all Drivers Egypt-wide at (i) the current level of 22.5%, or at Uber's discretion (ii) a lower level but not lower than a sustained lower base contractual Service Fee (i.e. for a period of at least three months) charged by another Ridesharing Services Provider in Egypt. Uber shall maintain the contractual Service Fee for Careem GO across all captains Egypt-wide at (i) the average of 25.5%, or at Uber's discretion (ii) a lower level but not lower than a sustained lower base contractual Service Fee (i.e. for a period of at least three months) charged by another Ridesharing Services Provider in Egypt.
Surge occurrence and levels may increase	Uber shall apply a ceiling on its Surge multiplier at a maximum level of 2.5 times the non-Surge price on Uber X and Careem GO Egypt-wide. Uber shall ensure that Surge prices are applied on no more than 30% of annual trips on UberX and on no more than 30% of annual trips on Careem Go Egypt-wide. The thresholds of this Commitment are subject to the ECA's review in accordance with paragraph 6.4 set out in the non-confidential Fifth Commitments Proposal to the ECA.
Driver numbers may be constrained	Uber shall maintain the Driver Utilization Rate on Uber X and Careem GO Egypt-wide within a 60-80% range.
Non-price related harms	
Quality and incentives to	To provide satisfactory Rider and Driver experience, Uber commits to using best efforts to maintain a high degree of innovation and service quality.

innovate may decrease	As regards innovation, Uber shall dedicate [*] who will primarily work on R&D activities focused on bringing innovation to the wider Middle East, including Egypt. Further, Uber shall implement the following innovations in Egypt within a period of one year following the Completion Date: • [*] • Safety features within the Driver app. [*] Uber shall also implement the following innovations in Egypt, which are new tools currently being tested (in the United States for the safety features within the rider app and the trip checks/anomaly detection, and in Cairo for the rider verification method), provided the tests demonstrate that these innovations are successful and impactful: • Safety features within the Rider app [*]. • Trip checks/anomaly detection [*]. • Rider verification method [*]. As regards service quality, Uber shall: • maintain the average wait times for all Riders Egypt-wide between 2 and 4 minutes. • maintain its current standards with regard to vehicle quality and cleanliness for Uber X and Careem GO Egypt-wide or comply with the requirements of the Regulations in case these are stricter than Uber's current standards. • maintain its current standards with regard to Driver on-boarding criteria Egypt-wide or comply with the requirements of the Regulations in case these are stricter than Uber's current standards. • continue for Uber X and Careem GO Egypt-wide (i) to make on-boarding education available either in person or virtually for all new Drivers who sign-up to the platform on their own or are referred by other Uber drivers, (ii) to train again in person any Driver with a rating below 4.60, (iii) to apply the Quality and Safety Infraction Process ("QSIP"), and (iv) to impose a minimum rating of 4.60 for Drivers to drive on its platform. • require annual inspections for cars used for Uber X and Careem GO in Egypt, which have more than one Driver and are operating full time (over 50 hours a week). • facilitate the enrollment of Drivers into a vehicle upgrade program offered by vehicle leasing/finance companies for cars used for Uber X and Careem GO in Egypt, which have more than one Driver, are over five years' old and are operating full time (over 50 hours a week).
No exclusivity	Uber shall, within a period of 1 month as of the Effective Date, either remove the exclusivity provision contained in the Strategic Relationship Agreement entered into between [*] dated [*] by securing an amendment of the said

	agreement or unilaterally notify [*] that Uber will not rely on the exclusivity provision in the said agreement which shall be considered null and void. Uber shall not introduce any contractual exclusivity provision or any measure having an equivalent effect in Uber's contracts with Drivers, DOSTers or partners including fleet/leasing partners/recruitment intermediaries, for Uber X and Careem GO Egypt-wide.
Harms in other markets	
Maintaining competition on complementary and adjacent market and preventing exclusionary integration	Uber shall not Tie or engage in Pure Bundling or Mixed Bundling of Uber X with Uber Bus, Uber Eats, Uber Scooter, Careem Bike, Careem Box, Careem Bus, or Careem GO Egyptwide. For the avoidance of doubt this Commitment would not prevent Uber from including various product offerings on its application. Uber shall also not Tie or engage in Pure Bundling or Mixed Bundling of Careem GO with Uber Bus, Uber Eats, Uber Scooter, Uber X, Careem Bike, Careem Box, or Careem Bus Egypt-wide. For the avoidance of doubt this Commitment would not prevent Careem from including various product offerings on its application. *Uber shall not to price their HCV services below the Profitability Benchmark, as to ensure that undertakings on adjacent markets, such as that of app-hailed HCVs, will be allowed to grow and compete more effectively. The commitment ensures that an adequate transition period is granted to the Parties to be as follows:* • As of one year after the Completion Date, Uber will not set the Pricing of its App-hailed HCV products on any Intra-city Routes in Egypt below the Profitability Benchmark. • As of 1 month of the Completion Date and until 3 months of the Completion Date, Uber will not set the Pricing of its App-hailed HCV products on any Intra-city Routes in Egypt below the First Transitional Profitability Benchmark. • As of 3 months of the Completion Date and until 6 months of the Completion Date, Uber will not set the Pricing of its App-hailed HCV products on any Intra-city Routes in Egypt below the Second Transitional Profitability Benchmark. • As of 6 months of the Completion Date and until 12 months of the Completion Date, Uber will not set the Pricing of its App-hailed HCV products on any Intra-city Routes in Egypt below the Third Transitional Profitability Benchmark.
Merger-specific barriers to entry	
Access to mapping data	Uber shall grant access to a Ridesharing Services Provider or an App-hailed Bus Services Provider upon such party's request to Careem's static points of interest map data as at the time of such a request.

	Access to Careem's static points of interest map data shall be granted to a Ridesharing Services Provider or an App-hailed Bus Services Provider on a one-time basis based on specific access criteria set out in paragraphs 2.32.1-2.32.4 in the non-confidential Fifth Commitments Proposal to the ECA.
Access to user data	In order to facilitate Riders to port their data to alternative ridesharing suppliers, Uber shall continue to grant Riders access to their data included in the following link https://help.uber.com/riders/article/whats-in-your-uber-data-download?nodeId=3d476006-87a4-4404-ac1e-216825414e05 by enabling them to download this data in comma separated values ("**CSV**") format. In addition, Uber shall use commercially reasonable best efforts to expand the scope of data that Riders can download and port to a competitor by including within such data Riders' "saved places" (e.g. Riders' favourite places such as "Home" or "Work") within one year of the Completion Date, provided the data included in "saved places" is available under Uber's contracts with maps data providers, such as Google. If a Ridesharing Services Provider creates a portal to facilitate the transfer of the data from Uber to its own application in CSV format, with the express prior consent of the Rider(s) concerned, Uber will make commercially reasonable best efforts to cooperate with the Ridesharing Services Provider and facilitate the creation of such a portal, provided that a solution is practicable and compliant with all applicable laws (including those regarding data security and the General Data Protection Regulation).
Access to trip data	Uber shall also grant one-time access to a Ridesharing Services Provider upon the latter's request to the following data dating from the 12 months preceding such a request for the purpose of training algorithms for matching riders and drivers, dispatching drivers and pricing trips in Egypt: • Anonymized Trip Data; • Rider Information, subject to the General Data Protection Regulation and opt-in • consent; and • Driver Information, subject to the General Data Protection Regulation and opt-in consent. Access to the data described shall be granted on the following specific set out in paragraphs 2.37.1-2.37.7 in the non-confidential Fifth Commitments Proposal to the ECA.
Maintenance of multiple brands	Uber shall ensure that the following measures are taken to ensure that Riders are not confused into thinking that Uber and Careem are independent after the Completion Date: • Amending Careem's branding in Egypt to make it clear that Uber and Careem are Affiliated Undertakings • Ensuring the fact that Uber and Careem are Affiliated Undertakings is displayed during a user's visit to Uber and Careem's rider and

	driver applications, Uber and Careem's websites and any online portals from which the Uber and Careem's applications can be downloaded, in Egypt. • Ensuring that the interface of, as well as the notifications received from, the Uber and Careem rider applications make clear to riders when they book a ride, whether they are receiving a ride from Uber or Careem. • In the application of general marketing and rider and driver / captain • communications (excluding SMS messages, in app push notifications or similar short messages) in Egypt, ensuring that such communications display that Uber and Careem are Affiliated Undertakings.

The commitments will be imposed for a total of five years or until the occurrence of meaningful market entry (as defined in the commitments) and will be monitored by a number of Monitoring Trustees (chosen by both the Parties and ECA).

8. Conclusion

305- This document presents ECA's investigation on the proposed transaction, according to Interim Measure Order No 26/2018 and according to under Article 6(1) ECL, which prohibits agreements between competitors, unless adequate efficiencies or commitments offered by the Parties prove to outweigh harm caused as a result of the transaction. With this respect, ECA's conclusive findings are the following.

306- ECA has reached a conclusion that the relevant market is app-based ride-hailing through passenger vehicles. Regardless of market definition, the Parties are each other's closest competitors on both the rider and driver sides of the market. The transaction may hence create a monopoly.

307- ECA has also reached a conclusion that the barriers to entry on the ride-hailing market on a whole are high, and entry post-transaction is unlikely. ECA has analyzed the barriers that the transaction may create and those which may currently exist on the market but may be exacerbated post-transaction. ECA has concluded that entry is unlikely because of the following likely factors, taken in the round: the market appears unlikely to be highly profitable; entry requires significant investment in rider and driver incentives to obtain network density; access to funds may be difficult given the reputation and history of the Parties; the post-transaction entity have a number of exclusive contracts with entities that may be important for the supply of drivers; the post-transaction entity will have access to highly valuable data, which may be difficult for entrants to gather or replicate; ECA tested if entry is plausible in the foreseeable future and did not find evidence that entry may occur in the absence of adequate commitments.

308- Due to the low likelihood of entry onto the market, ECA has reached a conclusion that the post-transaction entity may directly harm consumers. ECA has reached this conclusion because of the following possibilities, taken in the round: the post-transaction entity may harm consumers through higher prices; lower quality; reduced consumer choice; reduced incentives to innovate on the market. ECA is also concerned that the transaction may create increased opportunity and incentive to foreclose complementary and adjacent markets.

309- The transaction is in breach of Article 6 ECL and there are insufficient countervailing benefits under Article 6(2); the agreement is thus in breach of ECA. However, the commitments offered by the Parties were found to amend the function of the transaction in a way that addresses ECA's concerns and may facilitate entry in a way that may outweigh the harm caused by the transaction, within the meaning of Article 6(2) ECL.

Appendix: Consumer surveys conducted by ECA and the Parties

1- ECA conducted a survey ("ECA survey") of 1006 consumers[315] who had used ride-hailing services in order to understand consumer tastes and substitution, and thus the closeness of competition between the Parties and between the Parties and other forms of transportation such as white taxis. In response to ECA survey, the Parties conducted a similar consumer survey ("CRA survey") of 498 respondents for a similar purpose.

2- ECA's analysis of its survey includes two different approaches: the first one is based on a 'general' question that studies the diversion decisions of riders in response to a general 10% price increase, the second one is based on a 'last trip' question that studies the reaction of consumers in response to a 10% price increase in their 'last ride'.

3- ECA survey divides respondents into three sub-categories: Uber single-homing users, Careem single-homing users and multi-homing users. ECA survey uses two definitions for single-homing users and multi-homing users.

4- ECA defines single-homing user[316] as users who report only using the Uber app or the Careem app in the last 3 months. Similarly, multi-homing users[317] are users who report using both the Uber app and Careem app in the last 3 months.

5- It is worth noting that in ECA's first submission to the Parties (the "SoC"), ECA only presented the findings of the 'general price increase' questions. In the Parties response to the SoC ("CRA Response")[318], the CRA survey based the calculations of its diversion ratios on 'last trip' questions. For ECA to be able to accurately compare its results with that of the CRA, ECA conducted additional analysis of the 'last trip' questions and reached the results portrayed in Section 2.2.

6- It is worth noting that ECA finds the 'general price increase' questions provide more reliable results than the 'last trip' questions due to the high relative cost of installing and registering with a new app at the point of booking. ECA only presents the findings of the 'last trip' questions in order to compare the results of the CRA survey and the ECA survey.

7- In the analysis outlined below, ECA presents the reaction of:

ECA survey: General Price Increase Questions	ECA survey: Last Trip Questions	CRA survey: Last Trip Questions
Single-homing Uber users in response to a general 10% price increase in Uber's platform.	Single-homing Uber users in response to a 10% price increase in their "last trip".	Single-homing Uber users in response to a 10% price increase in their "last trip".

[315] The survey dated 2019 was conducted by the Egyptian Cabinet's Information and Decision Support Center (IDSC). The survey asked [5570] people whether they were a use of ride-hailing services, of which [1006] said yes.
[316] CRA survey defines single-homing users as respondents who report using only the Uber app or the Careem app in the last six-months.
[317] CRA survey defines multi-homing users as respondents who report using more than one application in the last six-months.
[318] CRA Response.

Single-homing Careem users in response to a general 10% price increase in Careem's platform.	Single-homing Careem users in response to a 10% price increase in their "last trip".	Single-homing Careem users in response to a 10% price increase in their "last trip".
Multi-homing users in response to a 10% price increase in both platforms.	Multi-homing users in response to a 10% price increase in both platforms.	Multi-homing Uber users in response to a 10% price increase in their "last trip".
		Multi-homing Careem users in response to a 10% price increase in their "last trip".

8- This appendix offers a detailed analysis of ECA's findings, demonstrates the methodological flaws in CRA survey through a qualitative critic and a replication of CRA consumer survey. And finally, the last section offers a summary of this appendix.

1. ECA's findings

9- ECA survey asks each sub-category (Uber single-homing users, Careem single homing users, and multi-homing users) consumers how would they react following a hypothetical 10% price increase in the platform(s) they use.

10- Table 1 presents the results of the general 10% price increase and the findings of a 10% price increase in the last trip.

Table 1: Results of the general 10% price increase and 10% price increase in the last trip

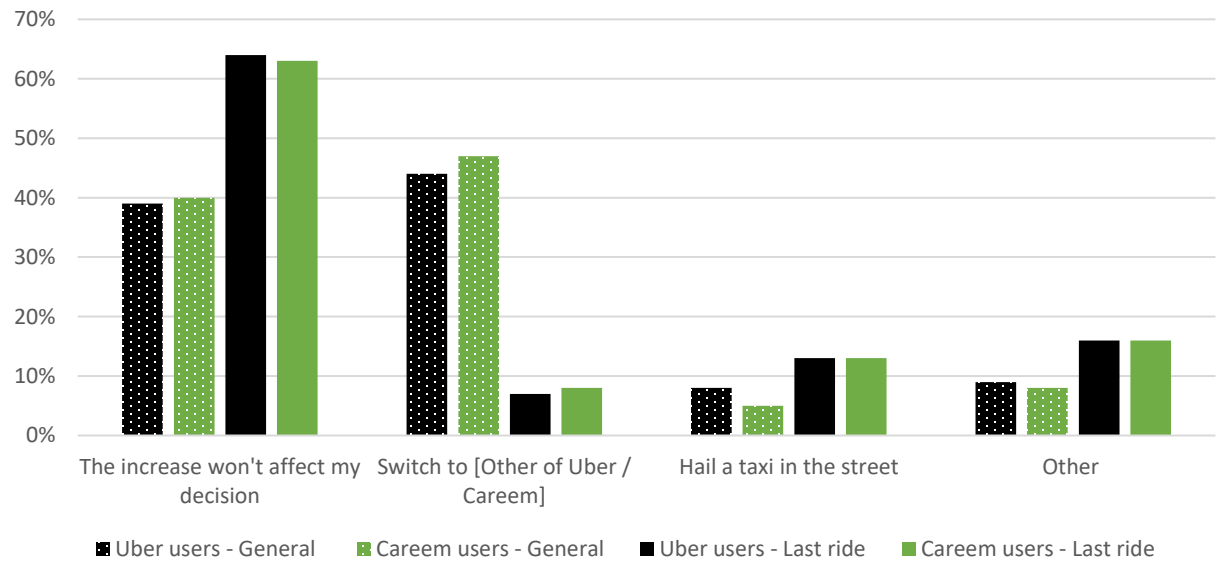
General/Last trip	**ECA Survey (general price increase) question**			**ECA Survey (last trip) question**		
Responses	**Uber users**	**Careem users**	**Multi-homers**	**Uber users**	**Careem users**	**Multi-homers**
The increase won't affect my decision	39%	40%	60%	64%	63%	57%
Switch to [Other of Uber / Careem]	44%	47%		7%	8%	
Hail a taxi in the street	8%	5%	16%	13%	13%	19%
Other	9%	8%	24%	16%	16%	23%

11- Using the results of the general price increase: the highest diversion ratio for single-homing users is to the other competitor. For Uber users 44% switch to Careem and for Careem

users 40% switch to Uber. Yet, there is a significant amount of users will not change their decision in response to the price increase. For multi-homers, most respondents will keep using Uber or Careem despite the price increase in both platforms.

12- Using the results of the last-trip questions: for both single-homing and multi-homing users most respondents will keep using Uber or Careem. It is clear however that the diversion to the other platform is very low (7% of Uber user shift to Careem and 8% of Careem users shift to Uber) compared to the responses of the 'general price increase' questions (Figure 1).

Figure 1: Single-homers response to a 10% price increase in one platform- ECA survey



Source: ECA survey data

13- The low diversion to the other competitor stems from the fact that consumers face high switching costs at the moment of the transaction. This is because a user who only has Uber installed on their phone has, in order to switch to Careem, to download and install the Careem application, create a profile, and provide payment details. This is a significant switching cost for an individual just about to make a journey, perhaps standing on the street.

14- However, it is not a significant switching cost if it is spread across multiple journeys or done at leisure in the comfort of your home. It is for this reason that ECA initially asked about users' response to a more sustained price increase.

15- ECA further tests this hypothesis upon comparing the results of the ECA survey with the CRA survey in Section 2.2.

2. The methodological flaws in CRA's survey

16- CRA's survey sample and questionnaire suffer from problems that likely render the survey results misleading. The sample drawn from the online panel may not represent the majority of users who do not spend most of their time on the internet. Also, some questions appear to have translation problems that may render some conclusions worthless. Problems with the survey design is magnified when it comes to creating the sub-samples of single-homers and multi-homers where the samples created are not mutually exclusive samples and the definition of a 'user' may be inaccurate. In addition, the CRA 'last trip' diversion questions are not the right question to ask. Moreover, the survey design is based on the assumptions of familiarity of all ride-hailing applications which is may also be flawed.

2.1. The survey is conducted using an online panel

17- The Competition and Markets Authority ("CMA") raises concerns regarding online panels, it stated "Some customer sources that are used in commercial research are generally not considered sufficiently robust by the CMA for merger cases. In particular, we advise against recruiting customers: from panels with non-random samples."[319] Results from online panels suffer from sample bias, where the sample recruitment does not rely on randomization methods, CMA states "Whilst a panel can be made to look like a random, representative cross-section of consumers in terms of its demographic profile, the characteristics of people who join a panel may be very different from other consumers."

18- The respondents to the CRA survey may be assumed to be relatively more active users of the internet, and although the target population of app-based app-hailing users are those familiar with the internet and have access to a smartphone, the online-panel sample does not necessarily represent the day-to-day users who spend less time on the internet and do not usually compare prices. For example, the CRA survey suggests more customers are multi-homers than the ECA survey. [320] This would be consistent with the CRA survey being more heavily weighted towards consumers who spend more of their life online.

2.2. The 'last trip' diversion questions fail to capture the actual consumer behavior: the 'last trip question is not the right question to ask

19- The Parties contested ECA's diversion questions and argued that asking respondents about their 'last trip' is the correct question that captures closeness of competition. CRA states that it is best 'to ask respondents about a specific purchase occasion'[321] in order to put the 'question in a specific and meaningful context'[322]. This methodology does follow CMA's best practices and will most likely work in analyzing consumer decisions in many markets. While this methodology is valid in analyzing consumer's behavior regarding grocery shopping or purchasing a car, for example, it does not apply to the market for ride-hailing.

[319] Competition and Markets Authority, Good Practice in the Design and Presentation of Customer Survey Evidence in Merger Cases, 23 May 2018, p. 16.
[320] CRA's results of multi-homing users exceeds the numbers of ECA's survey. ECA found that approximately 20% of Uber and Careem riders multi-home, whereas the survey data from CRA's results state that almost 55% of Uber and Careem riders multi-home. Thus, the majority of ride-hailing riders do not multi-home.
[321] CRA Response, p. 50.
[322] Ibid.

20- “Last trip” questions do not apply to such market because single-homing users face high switching costs at the moment of the transaction if they are to switch to an alternative app..

21- A user who only has one application on their phone would have to download the other application, create an account, and provide payment details in order to be able to switch to the other application. This switching cost would be almost negligible if it is spread among multiple trips or if a user multi-home.

22- ECA has tested the hypothesis that such real-time switching costs drive the divergent survey results by comparing the difference between single-homing and multi-homing users in the survey submitted by the Parties (Figure 2).

[*]

Source: CRA survey data

23- Figure 2 shows that the result in the CRA survey that white taxis are a relatively close substitute to the Parties derives primarily from the responses of single-homers, i.e. respondents who most likely only had one application installed on their phone at the time that they intended to make a journey. The result is markedly different for multi-homers who almost certainly have more than one application installed.

24- Moreover, Figure 2 shows that the diversion to the other platform is much higher for users who multi-home than those who single-home. In addition, the diversion of multi-homers to white-taxis is significantly lower than that of single-homers. This implies that the high switching costs single-homers face when asked the “last trip” question could explain the differences in the diversion ratios between single-homers and multi-homers.

25- It is also possible that the different tastes with respect to the relevant services between multi-homers and single-homers might be a factor contributing to the discrepancies in the diversion ratios. However, this appears unlikely given that single-homers and multi-homers give very similar answers (presented in Figure 3) to the only attitudinal question[323] included in the CRA survey that discusses substitution between ride-sharing and white taxi.

[*]

Source: CRA survey data

26- The relationship between ride-sharing and white taxis in the multi-homing figures reported in the CRA survey are similar to the single-homing figures derived from the ECA survey “general” price increase questions (presented in Figure 4), further supporting the

[323] CRA rider survey questionnaire, Q9_5.

hypothesis that it was not taste that drove the high level of single-homing diversion to taxis, but point-of-transaction switching costs.

[*]

Source: ECA and CRA survey data

27- The ECA thus discounts evidence from the single-homing questions from the CRA survey due to the existence of point-of-transaction switching costs.

28- The remaining results from the CRA survey suggest similar levels of switching to the ECA survey between the ridesharing and taxis, and thus does not affect the ECA's conclusion about the closeness of competition between ride-sharing and white taxis.

29- Therefore, ECA finds that Uber and Careem are each other's closest competitors and that white taxis are not a close competitor to the Parties. More importantly, white taxis do not impose an effective competitive constraint on the Parties.

30- Therefore, ECA perceives the rider diversion analysis portrayed in the CRA survey is unrepresentative, misleading and most importantly does not serve the purpose of the survey and the diversion analysis. In particular, the question will fail to reflect consumers' preferences and choice towards different transportation modes used for commuting within a governorate.

2.3. The forced diversion question is not indicative of substitutability

31- ECA recognizes that questions in the same limb as "what would you do if ride-hailing services were not available?"[324] are common in consumer surveys in the context of obtaining diversion ratios or establishing the closeness of competition of two products, shops, or firms; however, in the context of app-hailing and transportation in general this question is not indicative of substitutability and can be misleading. This is due to the nature of the transportation service itself, which is a crucial and an indispensable integral part of life in the city and an essential vector of the economy. Therefore, it is not conceivable that a consumer would answer the aforementioned question by saying that s/he would not take another means of transportation or that s/he will not go to the destination, s/he would have to choose a lesser means of transportation without prejudice to how s/he views its substitutability with app-hailing.

32- This question could be paving the road for a "fallacy" type argument, which is what the Parties did when debating ECA's market definition. The fallacy consists of considering that a certain product, which constitutes its own product market, belongs to a wider product market only because consumers would switch to another product if ride-hailing services did not exist or if they were unavailable without any regard to its distinctive characteristics or functionality.

[324] CRA rider survey Q.7.3.

33- Thus, a trip where taking a passenger vehicle is not option due to its unfeasibility- like in the narrow streets that only tuk-tuks can operate on- do not make a substitute out of the tuk-tuk as it becomes the only option.

2.4. The survey suffers from severe translation problems

34- Question S5 in CRA's survey that intends to differentiate between single-homing and multi-homing riders fails to create mutually exclusive sub-samples. On the contrary, part of the single-homing sub-sample is included in the multi-homing sub-sample.

S5: Which of these taxi-booking and ride-sharing apps do you have installed on your smartphone?

ايه هي التطبيقات اللي نزلّتها على تليفونك من التطبيقات دي لطلب تاكسي أو عربية؟

35- The question in Arabic does not capture the users who multi-home; the answer to the Arabic translation will most likely fail to show the actual proportion of people who have several applications on their phones simultaneously. Although the question in English is phrased correctly, the question in Arabic is not an accurate representation to its English counterpart, the English translation to the question in Arabic is "Which of these taxi-booking and ride-sharing apps did you install on your phone?" Thus, the respondents will state all the applications they have installed in the past and the applications that they currently have. Therefore, as mentioned before, this question overstates the number of people who multi-home and justifies why "multi-homing rates are much higher than the ECA survey indicates". The poorly phrased question explains why the estimates of the multi-homing diversion questions of "CRA (all users)" and "CRA (multi-homers)" yield similar results.[325]

36- The riders' multi-homing subsample and the single-homing subsample may not be mutually exclusive sets; the single-homing riders are a subset of the multi-homing. Thus, the results from the multi-homing diversion question may misrepresent the actual behavior of multi-homers. Although, CRA asks 'all users' the multi-homing diversion questions, the definition of 'all users' in the multi-homing question are those who said they would keep using applications in case of a 10% increase.[326] Therefore, having an 'all users' sub-sample does not solve the problem of sample misrepresentation, and still both sub-samples may intertwine.

37- Another question that suffers from translation problems is Q6.1 in the CRA's survey. The question's objective is to examine alternatives to ride-hailing applications, yet the Arabic translation fails to serve that purpose.

"Q6.1 Still thinking about your last trip, would it have been possible to use any of the following alternatives to complete your journey?"

"بالتفكير في آخر مشوار عملته هل كان من الممكن انك تستعين بأي من البدائل دي غير تطبيق طلب تاكسي؟"

[325] CRA Response, p. 59, Figure 15.
[326] CRA Rider Survey Q.8.1.

38- The Arabic translation leads the respondents to exclude all ride-hailing applications overestimating the proportion of people who would have used other modes of transportation. The Arabic question asks respondents "*Still thinking about your last trip, would it have been possible to use any of the following alternatives* ***other than ride-hailing applications****"?*

39- The question is not phrased correctly in Arabic and leads respondents to think about alternative modes of transportation other than ride-hailing applications; any evidence drawn from this question is misleading.

2.5. CRA's survey sub-samples may suffer from misrepresentation

40- CRA defines single-homing users as "users that report only using the Uber app or Careem app in the last six-months".[327] From a logical point of view, usage of the application(s) in the past six months is dependent on installing the application(s). Thus, a person who used the application(s) in the past six months and does not have the application(s) installed should not be qualified as a 'user', and should definitely not be included in either the single or the multi-homing sub-samples.

41- The definition however does not account for 'users' that report using Uber only or Careem only[328] in the past 6 months and do not have the corresponding application installed on their phones[329] i.e. other people request the ride for them. Similarly, there are 'users' that use both applications in the past six-months, yet they only have one application installed. Consequently, both sub-samples misrepresent the population that actually 'uses' ride-hailing applications due to the following the reasons:

- Some 'users' do not directly influence the decision of requesting or not requesting the ride in case of a surge.

- Some 'users' probably do not have a preferred application; the preference is usually dependent on the person that requests the ride.

42- Thus, the results of the diversion ratios calculated from the CRA survey are likely to be flawed, as the proportion of 'users' that do not have the application(s) installed will most likely keep using the same application or divert to other modes of transportation as the person ordering for them the ride might simply not have another ride-hailing applications installed; unlike The CRA survey analysis, ECA survey accounted for such eventuality.[330] Thus, diversion ratios to other modes of transport than ride-hailing applications will be overstated and the diversion ratios to other ride-hailing applications is understated. Furthermore, even if these 'users' responded by switching to other ride-hailing app, they do not have direct control over which application they will divert to or if diversion is even possible. The usage experience of this proportion of 'users' differs significantly than the users who request the ride by themselves and should be excluded from the sample.

[327] CRA Response p. 56.
[328] CRA rider survey Q. S6.
[329] CRA rider survey Q. S5.
[330] ECA survey, Q. 10.

2.6. The CRA survey assumes that respondents are familiar with the characteristics of other ride-hailing applications

43- The survey assumes that all the respondents are familiar with the characteristics of the other ride-hailing applications other than Uber and Careem. Thus, many respondents might be unaware of the fact that Pink Taxi is only for girls and that London Cab is significantly more expensive than Uber or Careem. ECA's analysis of CRA's survey has concluded that some of the male respondents use Pink Taxi more frequently than other modes and some male respondents would divert to Pink Taxi although it is an 'all girls' service.

44- Moreover, many respondents might not be familiar with London Cab's prices and would assume that they are similar to those of Uber and Careem, especially because CRA's method of asking the questions might lead the respondent to assume that the characteristics of all app-hailing services are almost identical. Therefore, those who would divert to London Cab following a 10% increase in prices in either Uber, Careem or both, probably do not know that the 10% increase in price is still less than the average price of a trip via London Cab. Thus, CRA's failure to clarify the various characteristics of the different modes of transport, in particular those ordered via an app, would render the results of the diversion ratios inaccurate.

45- **CRA's survey draws a conclusion of a population based on a sample that suffers from misrepresentation and on misleading questions that do not serve the objective of the survey. CRA argues that its survey follows best practices, yet the sample frame, the questionnaire and the Arabic phrasing of some questions render the survey results inaccurate and unreliable.**

3. Summary of the findings of the survey analysis

46- ECA's key findings of the survey analysis could be summarized into the following points:

- The 'general price increase' question is the right question to ask and accurately captures consumer behavior.
- The 'last trip' question offers unreliable results and fails to capture the particularities of the market.
- The high diversion ratios to either Uber or Careem indicate that the Parties are each other's closest competitors
- The low diversion ratios to other modes of transportation indicate that Uber and Careem app-hailed ride-sharing services have no other substitutes.
- The CRA survey is not considered reliable by ECA.