

MERGER CONTROL IN KOREA Vol. 03 - KFTC's Unconditional Approval of Joint Venture Between Ride-Hailing Giants

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On January 28, 2021, the Korea Fair Trade Commission (the "KFTC") unconditionally approved the proposed formation of a 51:49 joint venture between two ride-hailing giants, Uber B.V. ("Uber") and T Map Mobility Co. Ltd. ("T Map Mobility").

The proposed transaction was notified to the KFTC on October 22, 2020. In the merger filing, it was notified that the joint venture would engage in ride-hailing business in Korea, with Uber and T Map Mobility transferring their ride-hailing services and T Map Mobility providing its mapping services to the joint venture.

The KFTC conducted a review of the transaction and determined that the transaction would not raise significant anticompetitive concerns in the domestic ride-hailing services market where the two companies' businesses overlap. The KFTC granted unconditional clearance.

The KFTC's decision is notable in that:

- The KFTC did not find that the transaction would have significant anticompetitive effects in the relevant market despite that the transaction involves a combination between the two ride-hailing giants, T Map Mobility being the nation's second-largest ride-hailing service provider with strong mapping services and Uber being the world's largest mobility platform company with global operations expertise and experience (although yet without a significant domestic market share). Rather, we understand that the KFTC viewed the transaction would have procompetitive effects in the relevant market as it may increase competitive pressure on the market leader, Kakao.
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- The KFTC gave the green light to the transaction, which may be viewed as an acquisition of domestic services by a foreign service provider since the US-based company Uber will hold majority shares in the joint venture to be formed in Korea, and this may indicate that the KFTC is open to acquisitions of domestic businesses by foreign companies.

We will continue providing updates on Korean merger control issues. Please feel free to contact us anytime should you have any questions concerning Korean merger control.

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