The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Uber's Plan to Merge Russian Business With Yandex Approved

November 24, 2017



Kirill Kukhmar / TASS

(Bloomberg) — Yandex NV, Russia's largest technology company, received local antitrust approval to merge its ride-hailing business with Uber's in the country, the Russian Federal Antimonopoly Service said Friday.

Ordering rides from smartphone apps is driving growth in the Russian taxi market but the Yandex-Uber joint venture is required not to prevent its passengers, drivers and partners from working with other ride-hailing services, the FAS said in a statement.

"Currently, there is a tendency in the market to consolidate existing players and strengthen their role in the market," Anatoly Golomolzin, the deputy head of the FAS, said in the statement. "At the same time, we understand that it's important to ensure the development of competition in such markets even at the very first stage, so that all market participants are on an equal footing."

Uber Technologies Inc. agreed in July to merge its operations in Russia and neighboring ex-Soviet republics into a joint venture, 59.3 percent owned by Yandex and 36.6 percent by Uber. This became the San Francisco-based company's second retreat from a major market after it ceded China last year in exchange for a minority stake in rival Didi Chuxing.

The merger is expected to be completed in January 2018. After the closing of the transaction, consumers will be able to use both the Yandex.Taxi and Uber apps to book rides, while the driver-side applications will be integrated so they're able to accept bookings from either service.

Yandex shares rose as much as 3.5 percent in Moscow trading. Other taxi services operating in Russia include Vezet backed by UFG Private Equity, Taxi Maxim and Israel's Gett Inc.

Yandex intends to move forward with an initial public offering of its recently enlarged taxi business by the first half of 2019.

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