

Second Substantive Meeting of the
2023 Working Group on Cross-border Cartels

25 April 2023

Presentation:

*ECA's Inspection Regarding the Anti-competitive Practices of Glovo
and Delivery Hero*

Egyptian Competition Authority - Egypt

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ECA's Inspection Regarding the Anti-competitive Practices of Glovo and Delivery Hero



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Table of Contents

- Parties to the Agreements
- The Anti-competitive Agreements
- ECA's Decision
- The Parties' Commitments
- The Impact of ECA's Decision on the Economy



The Parties to the Agreements

- Glovoapp23, S.L:
 - Startup founded in Barcelona, Spain in 2015;
 - Provides on-demand pick-up delivery services through online platforms, including online delivery of prepared food, gifts as well as general grocery goods (including, but not limited to, food, groceries, alcohol and pharmaceutical products).
 - Glovo has entered the Egyptian market in 2018.
 - Glovo announced the termination of its operations in Egypt in April 2019.



The Parties to the Agreements

- Delivery Hero SE:
 - A publicly listed company based in Berlin, Germany, founded in 2011;
 - Provides online food delivery services and is present in the MENA region through 7 different brands: Otlob, Talabat, Carriage, Hunger Station, Hello Food and others;
 - At this time, Delivery Hero operates in Egypt through its affiliates Otlob and Carriage.
- Glovo and Otlob are the closest competitors in the online on-demand food delivery market in Egypt.



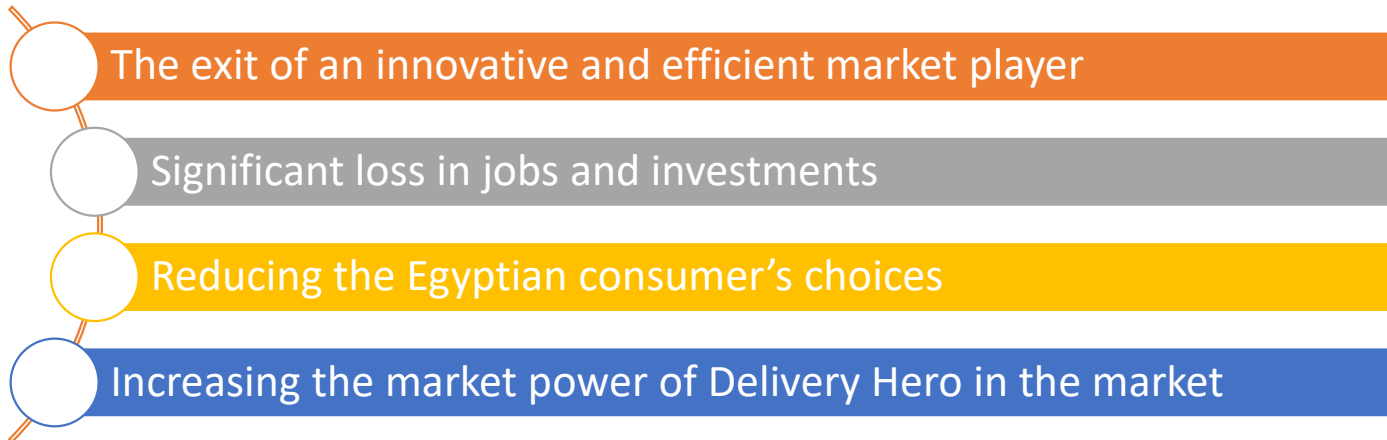
The Anti-competitive Agreements

- ECA's inspection revealed that both parties agreed on Glovo's exit from the Egyptian market in order to cease competition with Delivery Hero's own brands, eliminating any competition on the merits.
- Delivery Hero and Glovo have engaged into two agreements:
 - In 2018, Delivery Hero entered into a Shareholders' Agreement with Glovo by acquiring 16% of Glovo's shares. The Shareholders' Agreement between the parties confers Delivery Hero certain corporate rights that allow Delivery Hero to access commercially sensitive information of its competitor operations in the Egyptian market and to influence Glovo's strategic decisions. In particular, the Shareholders' agreement confers Delivery Hero a veto right concerning the approval of new investment rounds.



The Anti-competitive Agreements

- The exercise of the rights conferred to Delivery has led to the second agreement which is the market allocation agreement through which the parties have agreed on Glovo's exit from the Egyptian market in order to eliminate any competitive pressure exercised on Otlob in the market.
- The impact of the anti-competitive practices on the market:





ECA's Decision

- In May 2019, ECA's Board of Directors decided that the Parties behavior infringed Article 6 (b) and (d) of ECL. The parties shall take the necessary measures to cease the anti-competitive agreements and to promptly restore the initial situation prior to the agreements within 30 days.



The Parties' Commitments

- Following ECA's decision, ECA received binding commitments from both Parties to address ECA's concerns and to comply with ECL. The commitments were as follows:
 - 1) Restoring Glovo's operations in Egypt.
 - 2) Delivery Hero shall not use its rights as a shareholder in Glovo to influence Glovo's strategic decisions regarding Glovo's operations in Egypt.
 - 3) Both Parties shall not exchange confidential information regarding Glovo's operations in Egypt.
 - 4) Each Party shall maintain independent operations in Egypt.



The Impact of ECA's Decision on the Economy



Restoring effective competition in the market.



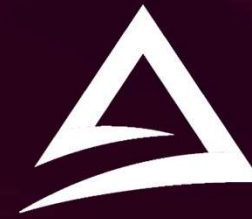
Preserving around 3000 jobs.



Preventing the creation of a highly concentrated market where consumers might suffer from limited choices and high prices.



Thank you



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