

Vietnam court orders ride-hailing app to compensate taxi firm

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The Singapore-based app disrupted the market which it launched in Vietnam in 2013

A Vietnam court Friday ordered ride-hailing app Grab to pay a cab company more than \$200,000 for losses incurred due to competition—a

judgement blasted by the firm as "a giant step backwards" for the country's tech community.

The Singapore-based app, which launched in Vietnam in 2013, has been embroiled in a lawsuit with Vinasun, a major taxi provider in the south of the country, since May 2017.

Vinasun blamed profit losses amounting to \$1.8 million on its rival's entry into the market.

A court in Ho Chi Minh City ruled Friday that Grab must compensate Vinasun \$206,000 in damages for "having seriously violated the law on transport business", a court clerk told AFP.

A local news outlet, which serves as a mouthpiece for the city's department of justice, said Grab's "activities caused losses to Vinasun".

But since there was a lack of concrete evidence to prove that Grab was the sole reason for the Vietnamese company's losses, the judge said there were no grounds to demand the full \$1.8 million compensation, according to the news outlet.

Grab is Southeast Asia's most dominant ride-share company, operating across eight countries in a fast-growing sector with increasing competition.

The judgement sets a "bad precedent", said the company's Vietnam head Jerry Lim, allowing traditional companies to sue its competitors "instead of constantly innovating through technology to remain relevant" in the country's vibrant tech industry.

"...This is a defeat and giant step backwards for Vietnam's hardworking entrepreneurs and tech talents," he said in a statement.

"It is unfortunate that Vinasun's anti-competitive tactics as a reaction to their declining business profits have somehow prevailed."

He added the company was "intrigued" by the verdict, given the lack of "direct causal relationship" between Vinasun's losses and Grab's business activities.

Grab will be appealing to seek a reversal of the court's decision, and is also preparing to launch a defamation lawsuit against Vinasun "if there is no retraction of the baseless allegations made".

Vinasun could not be reached for comment on Friday.

Grab's ambitious ascent has not been without issues. Earlier this year the Competition and Consumer Commission in Singapore fined Grab and fellow ride-hailing app Uber a total of \$9.5 million for merging—a move it said substantially reduced competition in the island nation.

The region's ride-hailing market is expected to be worth \$20 billion by 2025, according to research by Google and Singapore investment vehicle Temasek.

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