

Uber's \$3.1 Billion Acquisition Of Careem Gets UAE Regulator's Nod

Ride hailing giant Uber's move to buy its Middle Eastern rival Careem, announced in March, was a step hailed by many. The deal has now received approval from the UAE Ministry of Economy, clearing the regulatory procedures for merger in the country.

The \$3.1 billion deal was the largest technology transaction in the Middle East, which is a fast-growing region for both Careem and Uber. As per the transaction, Careem would be a wholly-owned subsidiary of Uber but will continue to retain its brand name and independence in operations.

While the companies are yet to receive approvals from other markets across the Middle East, North Africa and Pakistan in which they operate, both Uber and Careem welcomed the UAE regulator's go ahead, saying that it will help them in pursuing opportunities in the region.

Careem's acquisition has helped both companies in ending an expensive rivalry in the Middle East that has thinned margins in what is a highly profitable market. The deal will also give Uber a leeway into markets in the Middle East and Africa that it previously did not tap into.

A profitable operation in the Middle East market could also help Uber shore up its overall losses. The company, which went public this year, posted a \$1.01 billion loss in the first quarter of 2019 and has been under the spotlight for its less than stellar IPO.

Compounding the San Francisco-based firm's troubles, a number of senior executives including Uber's COO Barney Hartford and its Chief Marketing Officer Rebecca Messina announced their departure recently. CEO Dara Khosrowshahi said that he will be more involved in Uber's day-to-day operations, especially in its Rides and Eats businesses.

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