

MEDIA RELEASE

25 November 2015

CCS Recommends Extending the Block Exemption Order for Liner Shipping Agreements for another five years

1. The Competition Commission of Singapore (“CCS”) has recommended to the Minister for Trade and Industry (Trade) (the “Minister”) that the Competition (Block Exemption for Liner Shipping Agreements) Order (“BEO”) be extended, in its current form, for another five years until 31 December 2020. The recommendation comes after CCS has carefully considered all submissions that were received during a three-week public consultation held from 25 May to 15 June 2015.
2. The BEO, which was first issued in July 2006, exempts a category of liner shipping agreements from the prohibition against anti-competitive agreements under section 34 of the Competition Act. It was extended in 2010 for five years until 31 December 2015.
3. CCS received five submissions in response to the public consultation. Four of the respondents were supportive of the proposed extension of the BEO, while one respondent was not in favour of the proposed extension. CCS thanks all respondents for their feedback. The submissions and CCS’s responses to them are available at www.ccs.gov.sg.
4. In arriving at its recommendation, CCS has carefully considered the changes in the international regulatory environment in its review and note that antitrust exemptions for liner shipping agreements generally remain the regulatory norm worldwide. CCS has also taken into consideration, amongst other factors, the size of the Singapore economy, that Singapore is not a major port of origin or destination, and that a very large proportion of Singapore’s container cargo throughput involves transshipment.
5. In the circumstances, CCS has assessed that liner shipping agreements, which fulfil the requirements set out in the BEO, continue to meet the net economic benefit criteria and qualify for exemption from the prohibition against anti-competitive agreements. The connectivity of liner shipping services available in Singapore generates considerable benefits to Singapore, including providing a higher degree of connectivity and choice for Singapore’s importers and exporters. Agreements between liners to share vessel space increase the utilisation of space, enable more frequent services, and may enhance competition with larger liners.
6. CCS has therefore recommended that Minister extend the BEO for another five years, to 31 December 2020, in its current form.

7. CCS will continue to monitor market and regulatory developments, including changes in market structure and concentration, as well as the availability, frequency and pricing of liner shipping services.

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About the Competition Commission of Singapore

CCS is a statutory body established under the Competition Act (Cap. 50B) (the “Act”) on 1 January 2005 to administer and enforce the Act. The Act empowers CCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties.

For more information, please visit www.ccs.gov.sg.

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Notes to Editor:

1. 'Liner shipping agreement' refers to an agreement between two or more vessel-operating carriers to co-operate on one or more of the following aspects of liner shipping services:
 - (i) technical, operational or commercial arrangements;
 - (ii) price; or
 - (iii) remuneration terms.
2. 'Liner shipping services' refers to the transport of goods on a regular basis on a particular route between ports, according to timetables and sailing dates advertised in advance and made available, even on an occasional basis, by a liner operator to any transport user against payment. Liner shipping services includes any inland carriage of goods occurring as part of through transport.
3. Section 41 of the Competition Act (Cap. 50B) sets out the criteria for block exemptions. A block exemption may be made to exempt agreements which improve production or distribution, or promote technical or economic progress, and have only restrictions that are necessary to achieve these benefits, and do not substantially eliminate competition.