

SINGAPORE SHIPPING ASSOCIATION

COMMENTS ON THE CCS'S PROPOSED RECOMMENDATION TO THE MINISTER WITH RESPECT TO LINER SHIPPING AGREEMENTS

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1. Summary of Major Point

SSA fully supports CCS's proposal to recommend that the Competition (Block Exemption for Liner Shipping Agreements) Order (BEO) be extended for a further 5 years to 31 December 2020 – the proposed extension of the BEO is important in maintaining Singapore's position as a leading hub port and a premier international maritime centre for liner shipping operations.

2. Statement of Interest

The Singapore Shipping Association (SSA) represents more than 470 shipping companies and other businesses allied to the shipping industry. It is a national trade association formed in 1985 to serve and promote the interests of its members which comprise shipowners and operators, ship managers, ship agents and other ancillary companies such as shipbrokers, classification societies, marine insurers, bunker suppliers, maritime lawyers, and shipping bankers amongst others.

SSA works closely with the Maritime and Port Authority of Singapore to promote Singapore as a leading maritime centre. Given that shipping is an international industry, SSA also works with other regional and international shipping associations in the region to promote a unified Asian voice.

3. Comments

SSA shares the view of CCS that antitrust exemptions for liner shipping are still the regulatory norm and the existence of a BEO would continue to encourage competition between liners - since its introduction in 2006, the BEO has demonstrably enabled liner companies, working through beneficial co-operative arrangements such as Vessel Sharing Agreements (VSAs) and Voluntary Discussion Agreements (VDAs), to compete on the open market.

Such agreements provide liner companies with the stability necessary to commit to the long term investments required in the capital-intensive shipping market. They also facilitate improved decision-making, more efficient use of cargo capacity, and the maintenance of a range of services, thereby satisfying shippers' demands with regard to frequency, reliability, efficiency, quality and price. These are especially relevant for a transshipment hub like Singapore.

In addition, SSA would like to emphasise that the conditions for exemption under the BEO require that the liner shipping agreement allow members to have individual confidential service agreements, such that participating liner companies can only discuss the market in very general terms in order to better understand the market outlook.

In this regard, SSA agrees that the BEO is unlikely to confer considerable market power on any liner(s), or eliminate competition in a substantial part of the liner shipping industry.

4. Conclusion

SSA urges the CCS to recommend the extension of the block exemption in its current form to the Minister.