

MEDIA RELEASE

25 May 2015

CCS Consults on Proposed Recommendation to Extend Block Exemption Order for Liner Shipping Agreements

The Competition Commission of Singapore (CCS) is seeking public feedback on the extension of the Competition (Block Exemption for Liner Shipping Agreements) Order (BEO) in its current form, for another five years until 31 December 2020.

2. The BEO was first issued in July 2006. The BEO exempts a category of liner shipping agreements from prohibitions against anti-competitive agreements in Singapore. It was extended in 2010, and will expire on 31 December 2015.

3. Liner shipping agreements enable the connectivity of Singapore's container port with consequent broader benefits to the Singapore economy, and facilitate cost savings for the liners from economies of scale. These economic benefits are likely to be significant enough to outweigh any anti-competitive effects of liner shipping agreements.

4. CCS's proposal to recommend an extension of the BEO takes into consideration the findings of the CCS-commissioned consultancy study, which was based on both quantitative and qualitative information provided by industry stakeholders, as well as feedback from CCS's own consultation with key industry stakeholders. CCS has also been monitoring developments in the industry as well as regulatory developments overseas. CCS has considered all views carefully before arriving at the proposed recommendation.

5. The public consultation seeks views on the possible impact of the proposal on the Singapore economy, in particular on players in the maritime industry such as shippers, port operators, liners, and logistics service providers.

6. CCS will make a recommendation to the Minister for Trade and Industry after it has considered written submissions received during the public consultation.

Public Feedback

7. The consultation document and a copy of the current BEO can be downloaded from the CCS website at www.ccs.gov.sg under the section "Public Consultation". The closing date for submission is at or before **noon on 15 June 2015**.

8. Please refer to Annex A for more information.

- End -

About the Competition Commission of Singapore

CCS is a statutory body established under the Competition Act (Cap 50B) 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.

For media clarification, please contact:

Ms. Grace Suen
Assistant Director
Communications
Competition Commission of Singapore
Email: grace_suen@ccs.gov.sg
DID: 6325 8216

Notes to Editor:

1. The BEO exempts a category of liner shipping agreements from section 34 of the Act which prohibits agreements, decisions and concerted practices that have the object or effect of preventing, restricting or distorting competition in Singapore. The prohibition in section 34 of the Competition Act relating to anti-competitive agreements came into effect on 1 January 2006. The focus is on activities that have an appreciable adverse effect on competition in Singapore and which do not have a net economic benefit.
2. 'Liner shipping agreement' means an agreement between two or more vessel-operating carriers which provide liner shipping services pursuant to which the parties agree to co-operate in the joint provision of liner shipping services in respect of one or more of the following:
 - (i) technical, operational or commercial arrangements; or
 - (ii) price.
3. 'Liner shipping services' means the transport of goods on a regular basis on a particular route or routes between ports, in accordance with timetables and sailing dates advertised in advance and available, even on an occasional basis, to any transport user against payment. Liner shipping services include inland carriage of goods occurring as part of through transport but do not include bulk and tramp shipping.
4. Section 41 sets out the criteria for block exemptions. A block exemption may be made to exempt agreements which contribute to:
 - a. improving production or distribution; or
 - b. promoting technical or economic progress, and
 - (i) does not impose on the undertakings concerned restrictions which are not indispensable to the attainment of those objectives; and
 - (ii) does not afford the undertakings concerned the possibility of eliminating competition in respect of a substantial part of the goods or services in question.
5. Mode of Consultation:
 - a. Written submissions are to be sent to CCS through email **and** post/courier:

Email: ccs_feedback@ccs.gov.sg

AND

Post/Courier: Competition Commission of Singapore
 45 Maxwell Road #09-01
 The URA Centre
 Singapore 069118
 Attn: Mr. Tan Hi Lin / Ms. Nimisha Tailor

b. The section (within the consultation document) containing the questions for consultation may be useful as you organise your submission. Please respond to as many questions as you think fit, and provide any supporting evidence, if any, for the views expressed. Where possible, please identify specific paragraphs of the consultation paper on which you are commenting.

c. All submissions should be made at or before **noon, 15 June 2015**. Submissions must be submitted in both documentary **and** electronic form (e.g. Microsoft Word format). Parties must state whether they are responding in their private capacity or whether they represent the views of an organisation. For submissions made on behalf of an organisation, a description of the organisation and whom it represents (where applicable) should be included. All submissions should include personal/company particulars, as well as the correspondence address, contact numbers and email addresses.

d. CCS reserves the right to make public all or parts of any written submission and to disclose the identity of the source. Commenting parties may request that any part of the submission that the commenting party believes to be proprietary, confidential or commercially sensitive be kept confidential. Any such information should be clearly marked and placed in a separate annex. Where CCS agrees with the request, it will consider the information but will not publicly disclose it. If CCS rejects the request, it will not consider the information and will return the information to the party that submitted it. As far as possible, parties should limit any request for confidential treatment of information submitted. CCS will not accept any submission that requests confidential treatment of all, or a substantial part, of the submission.

e. CCS will review submissions received within time and may modify its recommendation to the Minister, where appropriate. After the consultation, CCS will publish a summary of responses received and make public its final recommendation to the Minister.

f. If you have any queries regarding the content of this consultation, please contact:

Mr. Tan Hi Lin / Ms. Nimisha Tailor

Tel: (65) 6325 8227 / 8259

Email: tan_hi_lin@ccs.gov.sg / nimisha_tailor@ccs.gov.sg

g. Should you wish to request a meeting with CCS officers on the matter, please contact Mr. Tan Hi Lin or Ms. Nimisha Tailor (details as set out above).