

Minister for Trade and Industry Extends the Block Exemption Order for Liner Shipping Agreements in the Maritime Industry

The Minister for Trade and Industry has extended the Competition (Block Exemption for Liner Shipping Agreements) Order 2006 (BEO) which exempts liner shipping agreements ('LSAs') from section 34 of the Competition Act (Cap. 50B) ('the Act') for another five years (until 31 December 2015). The BEO exempts LSAs in relation to the provision of liner shipping services, provided certain conditions and obligations are fulfilled. These include non-mandatory adherence to tariffs, and allowing member liner operators to enter into individual confidential contracts and offer their own service arrangements. (More details on the BEO and liner shipping agreements and services are in the Annex attached.)

The Competition Commission of Singapore (CCS) has assessed that as a small and open economy, the presence of an extensive network of liner shipping companies has played, and continues to play a large part in contributing to Singapore's status as a premier international maritime centre. This has important flow-through benefits for local shippers and the Singapore economy. Antitrust exemptions for LSAs remain the international regulatory norm and the BEO will provide continued certainty to the shipping industry.

More information on the BEO and CCS's responses to feedback received during its public consultation exercise can be found on CCS's website at www.ccs.gov.sg.

Ministry of Trade and Industry
16 December 2010

ANNEX

1. The BEO, issued in 2006, is due to expire on 31 December 2010. The extension of the BEO will be made effective by the Competition (Block Exemption for Liner Shipping Agreements) (Amendment) Order 2010 (BEO Amendment 2010). The BEO Amendment 2010 extends the BEO for a further 5 years by substituting the current end date in the BEO to 31 December 2015.
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 provision of liner shipping services in respect of one or more of the following:
 - (i) technical, operational or commercial arrangements; or
 - (ii) price;
 - (iii) remuneration terms.
3. 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.
4. 'Liner shipping services' means the transport of goods on a regular basis on any particular route between ports and in accordance with 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 include inland carriage of goods occurring as part of through transport but do not include bulk and tramp shipping.