

For immediate release

BLOCK EXEMPTION ORDER FOR LINER SHIPPING AGREEMENTS EXTENDED FOR ANOTHER FIVE YEARS

1. The Minister for Trade and Industry (Trade) has extended the Competition (Block Exemption for Liner Shipping Agreements) Order (“BEO”) for another five years until 31 December 2020.
2. The BEO exempts liner shipping agreements (“LSAs”) from the prohibition against anti-competitive agreements under section 34 of the Competition Act (Cap. 50B), 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 LSAs are in the Annex.)
3. The Competition Commission of Singapore (“CCS”) notes that transshipment makes up a very large proportion of Singapore container volumes, and has assessed that the high degree of connectivity and availability of liner shipping services in Singapore benefits Singapore’s importers and exporters beyond what might ordinarily be expected if the port depended only on exports and imports.
4. It is internationally recognised that LSAs, which facilitate the sharing of vessels among liners, enable more frequent services and cost savings for liners. They may also enable a group of smaller liners to provide services that compete with larger liners. Antitrust exemptions for LSAs generally remain the regulatory norm worldwide.
5. 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
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ANNEX

Competition (Block Exemption for Liner Shipping Agreements) Order (“BEO”)

1. Section 34 of the Competition Act (Cap. 50B) (the “Act”) prohibits agreements, decisions and concerted practices that have the object or effect of preventing, restricting or distorting competition in Singapore, unless they are exempted under the Act. The Minister for Trade and Industry may order that a particular category of agreements are exempted from the section 34 prohibition. To qualify for exemption, agreements should have net economic benefits, in that they 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.

2. The BEO, which was issued in 2006 and extended in 2010, is due to expire on 31 December 2015. The extension of the BEO will be made effective by the Competition (Block Exemption for Liner Shipping Agreements) (Amendment) Order 2015 (“BEO Amendment 2015”). The BEO Amendment 2015 extends the BEO for a further five years to 31 December 2020.

Liner shipping agreements (“LSAs”)

3. ‘Liner shipping agreement’ refers to an agreement between two or more vessel-operating carriers to cooperate on one or more of the following aspects of liner shipping services:

- (i) technical, operational or commercial arrangements;
- (ii) price; or
- (iii) remuneration terms.

4. ‘Liner shipping services’ refers to the transport of goods on a regular basis on any 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.