CONSULTATION ON CCS’S PROPOSED RECOMMENDATION TO THE MINISTER WITH RESPECT TO LINER SHIPPING AGREEMENTS

INTERNATIONAL CHAMBER OF SHIPPING COMMENTS
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1. The International Chamber of Shipping (ICS) is the principal international trade association for shipowners, representing all sectors and trades, including container ship operators. The membership of ICS comprises national shipowners’ associations from 37 countries, including the Singapore Shipping Association. The Asian Shipowners’ Forum is a regional partner of ICS, with many ASF national shipowners’ associations also being members of ICS. Collectively, ICS represents over 80% of the world’s merchant shipping tonnage.

2. ICS is grateful for the opportunity to comment on the Competition Commission of Singapore’s (CCS) proposed recommendation to the Minister for Trade and Industry to renew the Competition (Block Exemption for Liner Shipping Agreements) Order issued under Section 36 of the Competition Act.

3. ICS fully supports the CCS’s proposal to extend the block exemption (BEO) for liner shipping agreements, in its current form, for a further five years to 31 December 2020. In this, we wish to align our comments with those submitted to this consultation by our member associations, the Singapore Shipping Association and the Japanese Shipowners’ Association, as well as our regional partner, the Asian Shipowners’ Forum.

4. Since its application from 1 January 2006, the BEO has enabled container shipping providers with operations in Singapore to enter into a range of beneficial cooperative arrangements, including Vessel Sharing Agreements (VŠAs) and Voluntary Discussion Agreements (VDAs). Such agreements provide companies with the stability necessary to commit to long term investments required for the operation of high-value ships and logistics infrastructure. They facilitate improved decision-making on the part of shipping companies, the more efficient use of cargo capacity, and the maintenance of a range of services, thereby satisfying shippers’
(and consumers’) demands more effectively in terms of frequency, reliability, efficiency, quality and price. As is noted in the CCS consultation paper, there is broad international consensus on the economic benefits of operational agreements.

5. Importantly, co-operative agreements permitted under the BEO do not prohibit competition between individual companies. The conditions of exemption under the BEO, for example the requirement that parties to agreements must be able to have individual confidential service agreements, ensure that participating container lines compete robustly in terms of the quality of service that they provide.

6. The various maritime competition rules that apply globally (and particularly those within the Asia Pacific) are currently in broad alignment. Both within the Asia Pacific region and beyond, Singapore’s existing competition regime has served as a model for other nations, some of which are currently undertaking reviews of their own competition policies. Any changes to the existing competition regime in Singapore could therefore have significant (negative) implications for the current international regulatory framework. The CCS’s proposal to maintain the BEO in its current form is strongly welcomed by the global shipping industry.

We hope these remarks are helpful.

Yours faithfully

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