International Chamber of Shipping
Shaping the Future of Shipping

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ICS Submission on the Public Consultation – Malaysia's Review of the Block Exemption for Vessel Sharing Agreements (VSAs)

The International Chamber of Shipping (ICS) is the principal global trade association for merchant shipowners and operators, representing over 80% of the world's merchant fleet across all sectors and trades, including container shipping. Our membership comprises national shipowners' associations from across 43 countries, including the Malaysia Shipowners' Association, and others in the Asia-Pacific region, where Malaysia plays a vital role as a regional maritime hub.

This submission is made on behalf of the ICS global network in response to the Malaysia Competition Commission's (MyCC) Preliminary Report on the Block Exemption for Vessel Sharing Agreements (VSAs), published in May 2025, and the associated invitation for public consultation.

Economic Efficiency and Market Structure

ICS strongly supports the Commission's preliminary conclusions regarding the numerous benefits of Vessel Sharing Agreements (VSAs) and the critical role of the Block Exemption Order (BEO) in supporting competitive, efficient, and sustainable liner shipping operations. As highlighted in Paragraph 23(a) of the Preliminary Report, VSAs enable cost efficiencies, improved service coverage and encourage more frequent and reliable shipping services, all of which are vital for Malaysian trade and supply chains.

In Malaysia's context, particularly with key ports such as Port Klang, Tanjung Pelepas and Bintulu playing transhipment and gateway roles, VSAs:

- Strengthen Malaysia's position in regional and global supply chains;
- Facilitates service coverage to a wider range of ports and destinations;
- Reduces environmental impacts through more efficient vessel deployment; and
- Supports Malaysia's strategic objective of being a competitive maritime logistics hub.

ICS reiterates that VSAs do not involve the joint setting of freight rates or customer allocation and, thus, do not present anticompetitive risks under normal scrutiny. Instead, they enhance competition by:

- Lowering barriers to entry;
- Facilitating the entry of smaller players; and
- Improving service frequency and reliability.

ICS believes these benefits outweigh any hypothetical risks to competition and are fully consistent with the objectives of Malaysia's Competition Act 2010.

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Support from Global Precedents

The continuation and renewal of VSA exemptions by other major jurisdictions, such as:

- **Singapore**: In October 2024, the Competition and Consumer Commission of Singapore (CCCS) recommended renewing the BEO for liner shipping agreements, including VSAs. This recommendation was approved and the renewal was finalised by the Minister of Trade and Industry, extending the exemption for a five-year period from 1 January 2025 to 31 December 2029.
- **Hong Kong**: In July 2022, the Hong Kong Competition Commission extended its block exemption for VSAs for an additional four years, valid until 8 August 2026.

demonstrate international recognition of the positive economic and operational contributions of VSAs.

ICS encourages MyCC to maintain alignment with international norms to ensure Malaysian ports remain attractive to global liner networks.

Conclusion and Recommendation

Given the significant benefits VSAs offer to both the maritime sector and Malaysia's economy, ICS recommends that:

- The current VSA BEO be **renewed for a minimum of five (5) years**, with continuity in its scope and terms;
- MyCC continues to engage with international regulatory bodies to maintain global consistency; and
- Consideration be given to Malaysia's broader economic and environmental goals in the review process.

ICS remains committed to supporting Malaysia's current position as a regional maritime leader, with aspirations for even more growth, and would be pleased to engage further with MyCC on this matter.

Yours sincerely,

Thomas Kazakos
Secretary General