

BLOCK EXEMPTION ORDER FOR LINER SHIPPING AGREEMENTS EXTENDED FOR ONE YEAR UNTIL 31 DECEMBER 2021

1. The Minister for Trade and Industry (the “Minister”) has extended the Competition (Block Exemption for Liner Shipping Agreements) Order (“BEO”) in its current form for one year until 31 December 2021.
2. The BEO exempts certain types of liner shipping agreements (“LSAs”) from the prohibition against anti-competitive agreements under section 34 of the Competition Act (Cap. 50B), under specified conditions and obligations (details in Annex)¹.
3. The COVID-19 pandemic has resulted in contractions in manufacturing and trade globally. Disruptions in global supply chains and a dip in global demand have created significant market uncertainties and affected the outlook for the maritime sector internationally and in Singapore.
4. Given the highly uncertain times brought about by the COVID-19 pandemic, the Minister has decided to extend the BEO in its current form for one year until 31 December 2021. As the prevalence and importance of LSAs may evolve arising from the pandemic, it is necessary to account for such developments in assessing the appropriate approach for Singapore in the longer term.
5. The Competition and Consumer Commission of Singapore (“CCCS”) supports the Minister’s decision to extend the BEO for an additional year. Prior to its expiry next year, CCCS will assess and make a recommendation to the Minister on the BEO.
6. More information on the BEO can be found on CCCS’s website at www.cccs.gov.sg/approach-cccs/filing-under-block-exemption-order.

Ministry of Trade and Industry
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¹ These include non-mandatory adherence to tariffs, and allowing member liner operators to enter into individual confidential contracts and offer their own service arrangements.

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

1. The BEO exempts certain types of liner shipping agreements from Section 34 of the Competition Act (Cap. 50B), which prohibits agreements, decisions and concerted practices that have the object or effect of preventing, restricting or distorting competition in Singapore.

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:

- a) technical, operational or commercial arrangements;
- b) price; or
- c) remuneration terms.

3. The BEO effectively allows parties to liner shipping agreements to discuss and agree on the rationalization and management of capacity and prices, subject to certain conditions and obligations. In particular, to facilitate competition between parties to a liner shipping agreement, the agreement must:

- (i) Allow parties to offer, on the basis of individual confidential contracting, their own service arrangements;
- (ii) Allow parties to withdraw from the agreement on giving any agreed period of notice without financial or other penalty, such as, in particular, an obligation to cease providing liner shipping services in a market; and
- (iii) Not require liner operators to mandatorily adhere to a tariff and disclose, whether to other liner operators or otherwise, confidential information concerning service arrangements.

4. The BEO also includes obligations that ensure transport users and CCCS are kept aware of liner shipping agreements where the aggregate market share of the parties exceed the market share limit.