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Representations on Case BE/0004
Competition Commission
Room 3601, 36/F Wu Chung House
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REPRESENTATIONS ON CASE BE/0004

RESPONSE TO SUPPLEMENTARY REPRESENTATION BY HONG KONG LINER SHIPPING ASSOCIATION (R16)

ADDITIONAL COMMENTS BY INTERNATIONAL CHAMBER OF SHIPPING (ICS)

1. ICS is the principal international trade association for shipowners, representing all sectors and trades including containership operators. ICS membership comprises 37 national shipowners' associations from Asia, the Americas and Europe, including the Hong Kong Shipowners' Association. The Asian Shipowners' Association is our regional partner.
2. ICS appreciates the opportunity to comment on the supplementary representation by the Hong Kong Liner Shipping Association (HKLSA).
3. Our comments can be brief: we fully support the pragmatic proposal suggested by HKLSA i.e. that the Commission consider granting a block exemption order for VDAs under a revised scope, by expressly carving-out any Hong Kong-specific pricing (including rates and surcharges) discussions and voluntary agreements within VDAs, but permitting the discussion and sharing of certain other types of information among VDA members, as set out in detail by HKLSA in its supplementary representation.
4. As we mentioned in our previous comments, too much emphasis has perhaps been given by the Commission, in its Statement of Preliminary Views, to analysing discussions about 'benchmark' rates as opposed to analysing other core functions of VDAs, including the benefits of facilitating discussions between shipping lines about market trends, industry issues, and longer term developments. It is the VDAs' ability to facilitate the latter which is of most importance to ensuring the smooth functioning of the shipping market as a

whole, especially in the longer term, and for the maintenance of an industry that is economically sustainable.

5. Without wishing to repeat all of our previous comments, the approach suggested by HKLSA would help to ensure that the competition regime adopted by Hong Kong for liner shipping was broadly consistent with the approach applied to shipping by Hong Kong's principal trading partners, and would assist the maintenance of Hong Kong's position as a premier transshipment centre in the region.
6. ICS hopes these short additional comments are helpful and looks forward to seeing the Commission's final recommendations.