



THE HONG KONG SHIPPERS' COUNCIL

Unit 603,
9 Chong Yip Street,
Kwun Tong, Kowloon,
Hong Kong.

Telephone : (852) 2211 2323
Facsimile : (852) 2891 9787
Email : shippers@hkshippers.org.hk
Web Site: <http://www.hkshippers.org.hk>

Ref: EC/03AY
Competition Commission
19/F, South Island Place
8 Wong Chuk Hang Road
Wong Chuk Hang, Hong Kong

20 August 2020

Dear Sir/Madam,

**Competition Commission consults on proposed commitments
from Hong Kong Seaport Alliance**

In response to your consultation on proposed commitments offered under section 60 of the Competition Ordinance ("Ordinance") by the Hong Kong Seaport Alliance ("Alliance"), The Hong Kong Shippers' Council would like to give the following comments:

1. Competition Commission (Commission)'s concerns over Hong Kong Seaport Alliance (Alliance)'s overwhelming market share and lack of significant alternative service suppliers in the Gateway market, and charges for other than shipping lines, are genuine and valid. The Commission tends to consider that the Alliance's proposed commitments (Commitments) are appropriate to address its concern and is consulting the public on the appropriateness. The Council queries the lack of details over the "indexation" mechanism that would be the core of Alliance's commitments of putting a cap on the Alliance members' charges at 1 April 2019 levels. There mentions no details on how the index is to be formed, which party is responsible for the monitoring, and how the scrutiny is to be carried out. The Council considers that the index mechanism should be clearly laid down, explained to the industry and the public. In addition, the index itself, and changes of the index should be made available to the industry and the public.
2. Likewise, details of compliance of the commitments and penalties for violation of commitments should be clearly spelled out. Making assumptions that in case of violation, everything would follow Competition Ordinance is not enough, which is going to make the commitments nothing more than lip services or empty promises.
3. Besides Port Security Charge, there are other charges like the Electronic Terminal Receipt (eTR), Electronic Release Order (eRO), etc. that the Alliance members are directly charging shippers and/or other users. Clear statements are needed of whether such charges are part of the commitments.

4. Commission considers that while there are concerns, there are economic efficiencies that would be brought by the Alliance. The Council reiterates that shippers are the party that ultimately pays for all of the charges related to shipping of goods through the Hong Kong Ports. Nevertheless, shippers do not see any of the savings being passed onto them. Hong Kong Shippers have only seen increase in Terminal Handling Charges (THCs) in the past two decades, instead of any reduction at all. The Council reiterates that in case that economic efficiencies are realized, shippers should get their fair share. Hong Kong Shippers are still paying the highest THCs in the world.
5. The Commitments also fail to address the concern of shippers over subsidizing the International Transshipment and Barge Transshipment market by high charges in the Gateway market. Because of lack of competition and alternative service providers, Alliance members have been queried of subsidizing transshipment businesses by higher charges in the Gateway market, causing users including Hong Kong shippers unfairly paying higher prices. Alliance's commitments should also address this concern.

We are obliged to submit further details as required.

Yours faithfully,



Willy Lin, GBS, JP
Chairman

