



**Hong Kong Container Terminal
Operators Association Limited**
香港貨櫃碼頭商會有限公司

G.P.O. Box No. 4433 H.K.
香港郵政總局信箱 4433 號
Tel 電話 : (852) 3126 9471
Fax 傳真 : (852) 3126 9472
Website 網址 : www.hkctoa.com

Ms Anna Wu
Chairperson, Competition Commission
Room 3601, 36/F, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

30 March 2017

Dear Ms Wu,

Commission consultation regarding block exemption order application in relation to certain liner shipping agreements (BE/0004)

Further to our letter of 13 December 2016 (the Letter), we refer to HKLSA's supplementary submission of 27 February 2017 (the Supplementary Submission) in which it requests that the Competition Commission (the Commission) consider granting a block exemption order for Voluntary Discussion Agreements (VDAs) under a revised scope (the Revised VDA Scope).

Our position set out in the Letter remains unchanged - the objective is to make Hong Kong an international maritime centre and regional transshipment hub and for that purpose, we support both Vessel Sharing Agreements (VSAs) and in principle, VDAs, subject to the understanding that discussions within the framework of VDAs do not affect in any way each individual liner's confidentiality obligations owed to their business partners or service providers, including terminal operators, under contracts.

In this regard, we note that HKLSA expressly requests in their Supplementary Submission for a broad permission under the Revised VDA Scope to generally discuss and share certain types of information including "carrier costs" (paragraph 1.1(B)) and cost items including "cargo handling" (paragraph 2.5(B)(i)).

It is clear that information pertaining to costs can be competitively sensitive as it may have a bearing on pricing. In coming up with the Revised VDA Scope, the HKLSA has acknowledged the Commission's position that its members should refrain from sharing competitively sensitive information such as pricing; it would not be appropriate – and there is no justification – for the HKLSA to at the same time propose to be allowed to generally share another type of competitively sensitive information (in particular cost information) without restriction. In addition, it is well accepted that tariffs and payment terms under service agreements between users and service providers are confidential, and such information remains commercially sensitive information and should not be disclosed or shared among competing users. That same principle applies to, among others, service agreements between terminal operators and lines.

If the Commission were minded to adopt an Order that would exempt the Revised VDA Scope, the Commission should in our view not allow the general and unrestricted sharing of cost, or pricing related information among competing lines.



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Yours sincerely
For and on behalf of
Hong Kong Container Terminal Operators Association

A handwritten signature in cursive script, appearing to read 'Jessie Chung'.

Jessie Chung
Chairman