The Hong Kong Shippers' Council

Submission to
the Competition Commission
November 2025

Case BE/0004 Initial consultation regarding the second review of the Competition (Block Exemption For Vessel Sharing Agreements) Order 2017 (as varied)

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The Hong Kong Shippers' Council Submission

In response to the request of Competition Commission (Commission) for inputs dated 5 August 2025, The Hong Kong Shippers' Council (Council) wishes to submit the following response, by answering the questions raised by the Commission.

Market developments

(1) What have been the major developments in the liner shipping industry since the issuance of the 2022 Variation Order, for example, with regard to general market conditions, prices, service levels, the state of competition and the level of cooperation among shipping lines?

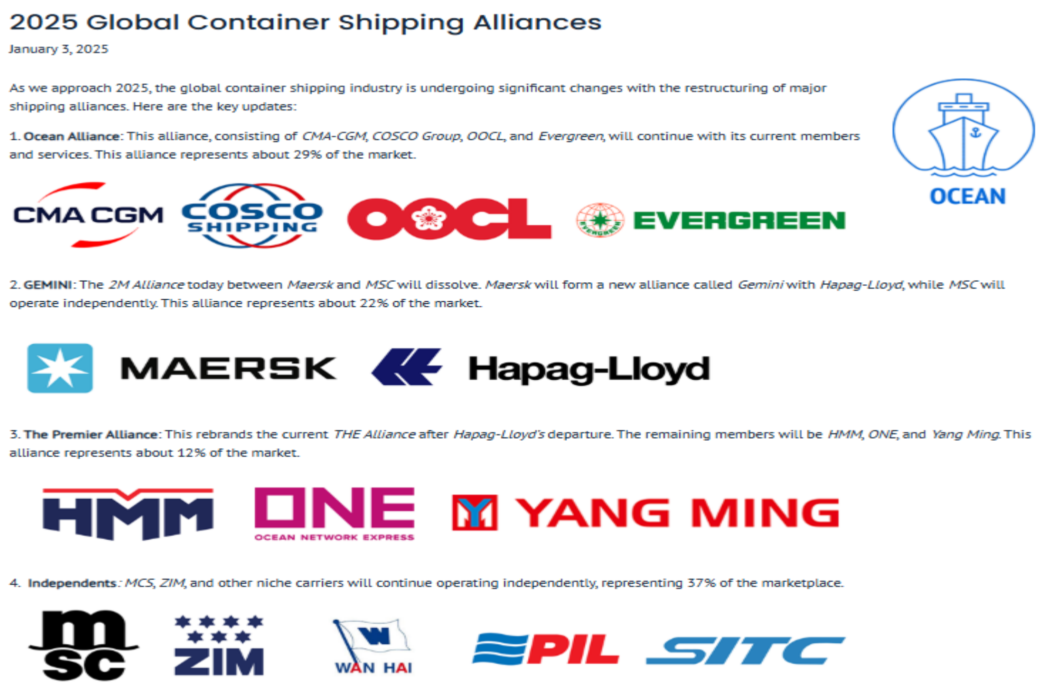
- Since the 2022 Variation Order, the liner shipping industry has undergone significant developments, impacting various aspects such as market conditions, pricing, service levels Here are some of the major developments:

1.1 General market conditions

- Market concentration in the global container shipping industry has intensified and is now regarded as exceptionally high. Recent data indicates that control of the market is increasingly in the hands of a few major players and their alliances, suggesting that this condition is worsening.

a. Shipping alliances and MSC dominate over 80% of container market

- In 2025, the major shipping alliances have been restructured as follows :


2025 Global Container Shipping Alliances

January 3, 2025

As we approach 2025, the global container shipping industry is undergoing significant changes with the restructuring of major shipping alliances. Here are the key updates:

1. **Ocean Alliance**: This alliance, consisting of *CMA-CGM*, *COSCO Group*, *OOCL*, and *Evergreen*, will continue with its current members and services. This alliance represents about 29% of the market.

2. **GEMINI**: The *2M Alliance* today between *Maersk* and *MSC* will dissolve. *Maersk* will form a new alliance called *Gemini* with *Hapag-Lloyd*, while *MSC* will operate independently. This alliance represents about 22% of the market.

3. **The Premier Alliance**: This rebrands the current *THE Alliance* after *Hapag-Lloyd's* departure. The remaining members will be *HMM*, *ONE*, and *Yang Ming*. This alliance represents about 12% of the market.

4. **Independents**: *MCS*, *ZIM*, and other niche carriers will continue operating independently, representing 37% of the marketplace.

Shipping Alliances	**Market Share**
Gemini Cooperation (Maersk and Hapag-Lloyd)	21.6%
Ocean Alliance (CMA CGM, COSCO, Evergreen, OOCL)	28.4%
The Premier Alliance (ONE, HMM, Yang Ming)	11.5%
MSC	20.6%

- "Alphaliner reports that the global container shipping industry is becoming increasingly concentrated, with recent data indicating that shipping alliances, along with the Mediterranean Shipping Company (MSC), now control over 80% of the world's total container capacity."

  Shipping alliances and MSC dominate over 80% of container market
  https://ufreight.com/shipping-alliances-and-msc-dominate-over-80-of-container-market/

b. Top 3 lines accounts for 47% of total capacity

- "The top three global liner companies in terms of shipping capacity are Mediterranean Shipping Company (6.98 million TEUs, accounting for 21.1%), Maersk Line (4.33 million TEUs, accounting for 13.1%) and CMA CGM (4.08 million TEU, accounting for 12.3%). The 3 shipping lines account for 47.3% of total global capacity."

  Alphaliner TOP 100 / 31 Oct 2025
  https://alphaliner.axsmarine.com/PublicTop100/

The World's Leading Container Ship Based on TEU Capacity (31 October 2025)

Alphaliner TOP 100 / 31 Oct 2025

Global figures: **7,447** active ships (including 6,623 fully cellular); **33,316,899** TEU (32,888,442 TEU fully cellular); **395,445,711** DWT

Figures are consolidated

Regional Trades weekly capacities: Trans-Atlantic **175,202** TEU; Trans-Pacific **554,560** TEU; Feast-Europe **505,833** TEU

Ra...	Operator	Teu	Share	Existing fleet / Orderbook
1	Mediterranean Shg Co	6,977,734	21.1%	
2	Maersk	4,329,736	13.1%	
3	CMA CGM Group	4,076,864	12.3%	
4	COSCO Group	3,523,902	10.7%	
5	Hapag-Lloyd	2,416,497	7.3%	
6	ONE (Ocean Network Express)	2,031,408	6.1%	
7	Evergreen Line	1,935,676	5.9%	
8	HMM Co Ltd	1,007,180	3.0%	
9	Yang Ming Marine Transport Corp.	724,226	2.2%	
10	Zim	713,382	2.2%	
11	Wan Hai Lines	562,870	1.7%	
12	PIL (Pacific Int. Line)	432,070	1.3%	
13	X-Press Feeders Group	194,650	0.6%	
14	SITC	184,761	0.6%	
15	KMTC	160,463	0.5%	
16	UniFeeder	154,318	0.5%	
17	IRISL Group	141,476	0.4%	
18	Sinokor Merchant Marine	138,029	0.4%	
19	Sea Lead Shipping	114,535	0.3%	
20	RCL (Regional Container L.)	103,736	0.3%	
21	Emirates Shipping Line	103,570	0.3%	
22	TS Lines	103,521	0.3%	
23	Ningbo Ocean Shg Co	91,071	0.3%	
24	Tangshan Port Hede Shipping	88,740	0.3%	
25	Grimaldi (Napoli)	76,495	0.2%	
26	Interasia Lines	74,650	0.2%	
27	Antong Holdings (QASC)	74,359	0.2%	
28	Matson	71,221	0.2%	
29	SM Line Corp.	69,951	0.2%	
30	Sinotrans	69,508	0.2%	

- The Council wishes to point out that shipping lines are commercial entities which are primarily profit-driven. High market concentration undermines healthy competition and fosters exploitative behaviors among shipping lines such as :

    - Increased control over the market.

    - Unilateral decision-making by shipping lines regarding :
        - Investment choices
        - Port and terminal selection
        - Fleet deployments
        - Pricing strategies

    - Communication between shipping lines and clients has decreased, leading to frustration and mismatches in expectations.

- The Council urges that competition authorities should focus on:

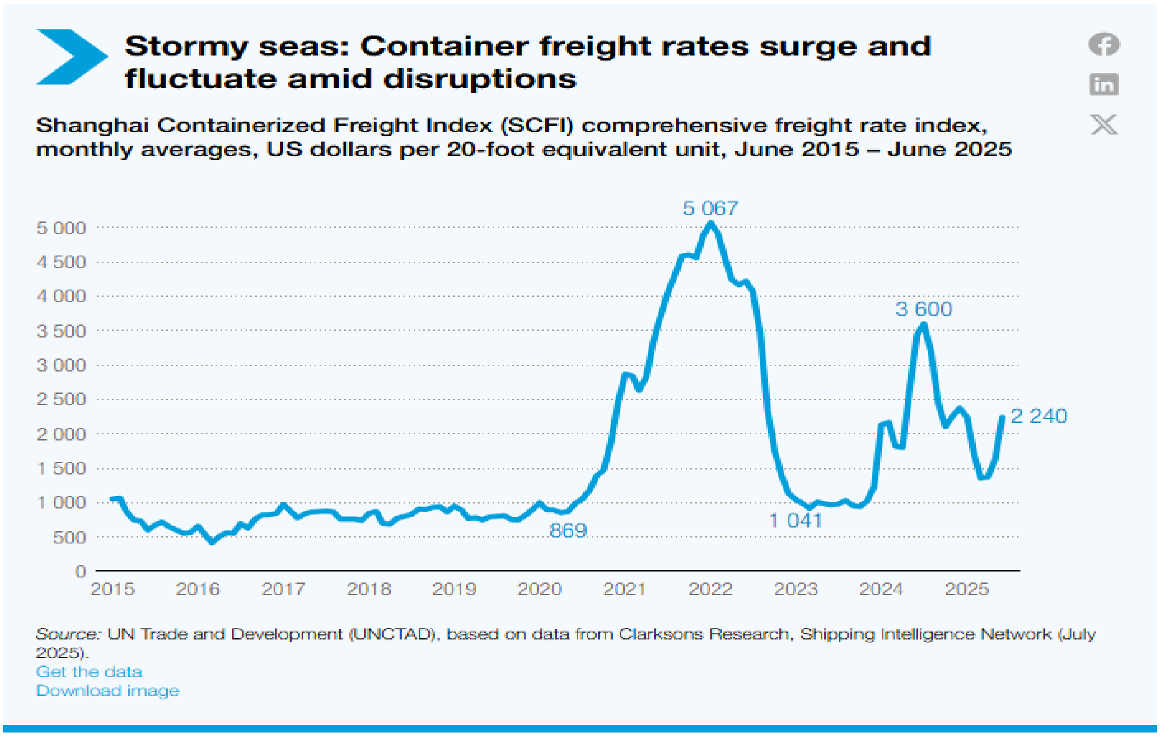
    - Establishing a legal framework to deter market abuse.
    - Preventing operators from feeling encouraged to exploit their market position.

1.2 Prices

- Since the 2022 Variation Order, sea-freight rates have undergone significant changes, shifting from the record highs of 2022 to a substantial and ongoing decline throughout 2025.

1.2.1 Freight rates volatility

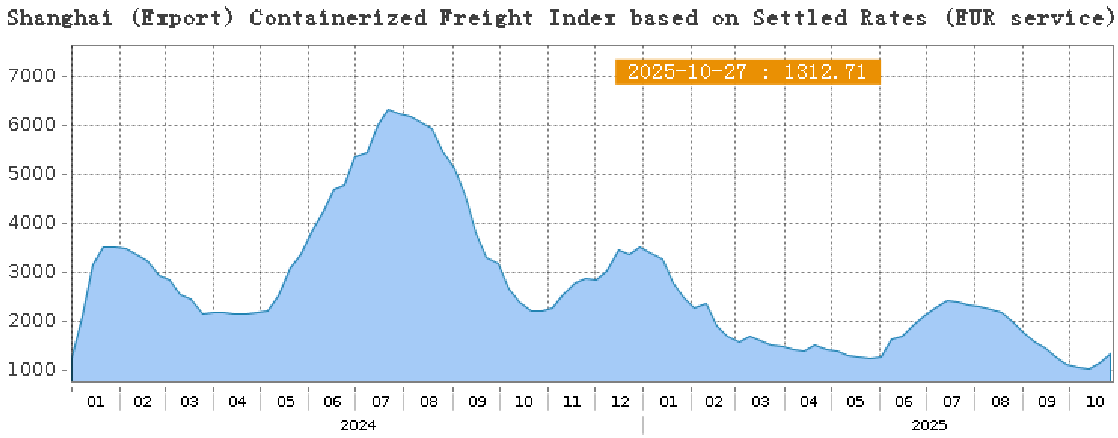
- Freight rate volatility has become the new normal. Container freight rates remained elevated and volatile in 2024 and 2025, swinging sharply amid geopolitical tensions, trade policy shift, shifting trade patters, overcapacity, and supply-demand imbalances, etc.



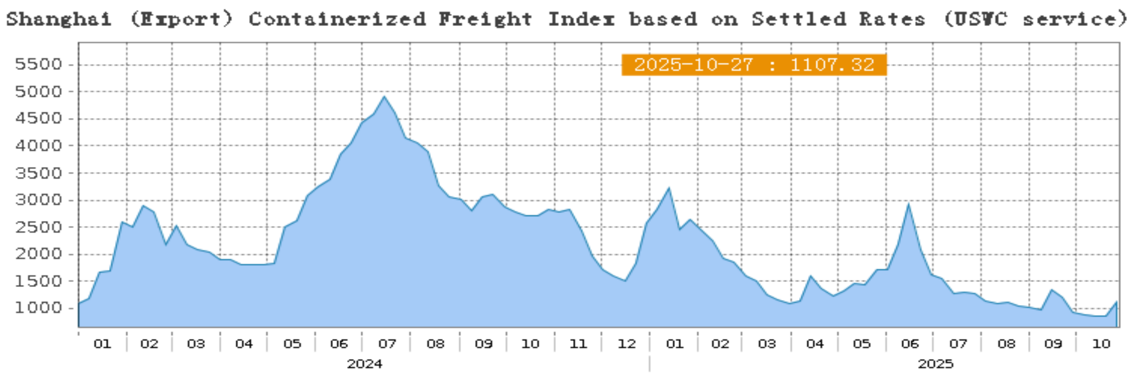
Maritime trade under pressure – growth set to stall in 2025
https://unctad.org/news/maritime-trade-under-pressure-growth-set-stall-2025

- Comparing freight rates in 2024 to those in 2025 :

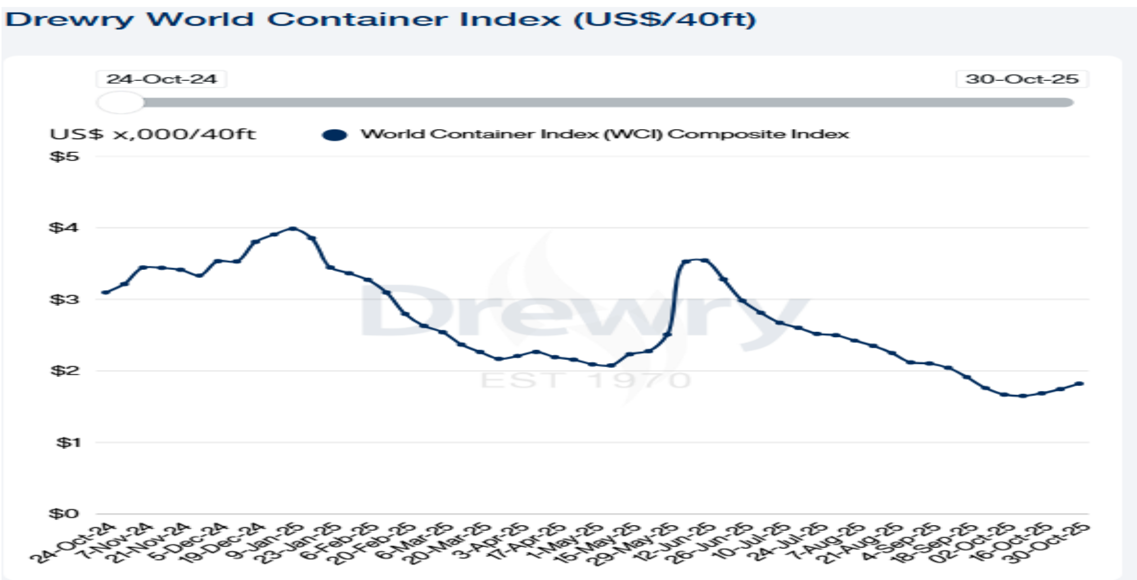
(a) Shanghai Shipping Freight Index
Hong Kong to Europe (Freight rates from January 2024 to October 2025)



(b) Shanghai Shipping Freight Index
Hong Kong to U.S. (Freight rates from January 2024 to October 2025)



(c) Drewry World Container Index
(Freight rates from October 2024 to October 2025)



- Shipping lines are enhancing their control over freight rates in the market by collaborating through alliances and Vessel Sharing Agreements (VSAs).

- The Council emphasizes that benchmark indices such as the Shanghai Export Freight Index and Drewry's Rate Benchmark mentioned above offer only a general overview of freight rates. In practice, final freight costs are heavily influenced by a shipper's negotiating leverage. Due to constrained shipment volumes and limited bargaining power, SMEs are often unable to secure rates near benchmark levels. To secure their bookings, these shippers may face actual costs that are double or even triple the indicated benchmarks.

1.2.2 Liners have introduced significant rates hikes

- It is reported that as peak season demand intersects with tariff uncertainty, some major shipping lines have announced significant General Rate Increases (GRI) and / or levy of Peak Season Surcharges (PPS) .

- Some rate increases are expected to reach as much as 70% compare to current spot market rates.

- Rate hikes and PPS will significantly increase overall shipping costs.

- Below are examples of General Rate Increases (GRI) and Peak Season Surcharges (PPS) announced by various shipping lines, compiled from the reference links below :

Carrier	Effective Date	Rate Hike (40')	New Total Rate (40')
Matson	May 22	+$1,500	5,200–5,200–5,800 (China→US)
MSC	June 1	+1,600–1,600–2,000 (PSS)	$6,000 (LAX/LGB/OAK)
Hapag-Lloyd	June 1	+$3,000	6,300–6,300–6,800
CMA CGM	June 1–14	+2,100–2,100–2,500	6,100(West)/6,100(West)/7,100 (East)
ONE	May 21 + June 1	+1,000(FAK)+1,000(FAK)+2,000 (PSS)	5,900–5,900–6,400
Evergreen	May 15–31 + May 23	+700(GRI)+700(GRI)+1,500 (PSS)	5,700–5,700–6,200
COSCO/HMM	May 15	+800–800–1,000	5,500–5,500–6,000

Reference Links :

Hapad Lloyd - Shipping between Far East and Europe? A price announcement is available (14 May 2025)

https://www.hapag-lloyd.com/en/services-information/news/2025/05/shipping-between-far-east-and-europe--a-price-announcement-is-av.html

CMA-CGM : FAK Rates - From Asia to North Europe (15 May 2025)

https://www.cma-cgm.com/news/5074/fak-rates-from-asia-to-north-europe?print=true

MSC : EU Price Announcement - Trade from Far East to Europe (14 May 2025)
https://www.msc.com/en/newsroom/customer-advisories/2025/may/eu-price-announcement-trade-from-far-east-to-europe

Europe & Med Trade Heats Up: Container Freight Rates Set to Surge from June 1st
https://www.xindemarinenews.com/en/market/2025/0519/59607.html

Shipping Rates Soar – June Peaks Hit $6,000/FEU as Carriers Roll Out Massive Surcharges
https://stusupplychain.com/Shipping-Rates-Soar-June-Peaks-Hit-6-000-FEU-as-Carriers-Roll-Out-Massive-Surcharges-id45474016.html

Trans-Pacific Shipping Costs to Spike with Carriers' Massive June Rate Hikes
https://1truck.us/trans-pacific-shipping-costs-to-spike-with-carriers-massive-june-rate-hikes/

外貿商接航運公司漲價通知：6 月中旬後一個大櫃漲到 1 萬美元
https://www.yicai.com/news/102618852.html

北美航線運價上漲 https://www.stcn.com/article/detail/1836864.html

美國線運價三階段調漲　六月中 MSC、達飛與森羅要大漲 4 千美元
https://finance.ettoday.net/news/2961724#google_vignette

充分掌握賺錢機會　中美關稅敲定後歐洲線緊跟著美國線推出漲案
https://finance.ettoday.net/news/2962861#:~:text=%E6%AD%90%E6%B4%B2%E7%B7%9A%E9%81%8B%E5%83%B9%E7%9B%AE%E5%89%8D,%E8%AA%BF%E9%AB%98%E7%82%BA3100%E7%BE%8E%E5%85%83%E3%80%82

- Results of the freight hike actions led to immediate sharp increases in freight rates which are reflected in the June, July and August 2025 index under the previous item 1.2.1 a, b & c.

1.2.3 Liners have introduced a lot of new surcharges

- Taking advantage of the market situation, shipping lines have introduced numerous new surcharges as a revenue source. Here are some examples :
    - Bunker Related Surcharge
    - Peak Season Surcharge
    - Terminal Handling Charges
    - Documentation Fees
    - Booking Cancellation Fee
    - Congestion Surcharge
    - Value Added Surcharge
    - Empty Container Reservation Fee

- Below is a list showing carbon emission related surcharges imposed by some shipping companies complied by the Council :

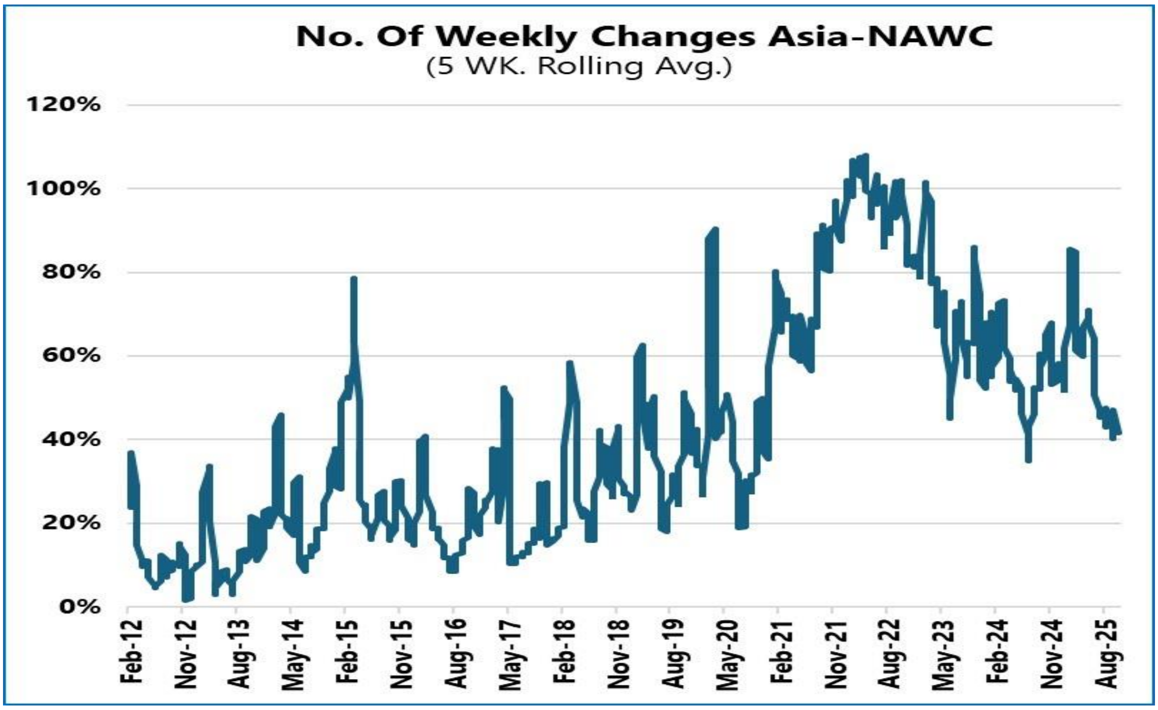
  https://hkshippers.org.hk/assets/uploads/media-uploader/carbon-emission-related-surcharges-imposed-by-some-shipping-companies-are-numerous-and-vary-significantly1760496081.pdf

- The imposition of various non-transparent surcharges, often applied without consultation or clear justification, significantly elevates shippers' costs and generates considerable resentment.

1.3 Service levels

1.3.1 Liner service disruptions triple since pre-pandemic

"According to Sea-Intelligence, analysis indicates a structural shift in the industry, with the frequency of such weekly disruptions in 2024–2025 increasing by a factor of 2.5 to 3.5 compared to the pre-pandemic period. "



"The Asia-North America West Coast trade shown above clearly illustrates this structural shift. After the extreme volatility of the pandemic, which saw instability peak above 100%, the post-pandemic period of 2024-2025 has settled into a "new normal" of service instability averaging 56%. This is in stark contrast to the pre-pandemic (2012-2019) period, where the average was just 23%. This means that the instability in the service provision has increased by a factor of 2.5 on this trade."

"On the Asia-North Europe and Asia-Mediterranean trades, the increase has been more pronounced, with instability growing by factors of 3.3 and 3.4 respectively."

Liner service disruptions triple since pre-pandemic
https://www.porttechnology.org/news/liner-service-disruptions-triple-since-pre-pandemic/

Sustained increase in service instability
https://www.sea-intelligence.com/press-room/350-sustained-increase-in-service-instability

Sea-Intelligence: Service instability in liner shipping on the rise
https://safety4sea.com/sea-intelligence-service-instability-in-liner-shipping-on-the-rise/

1.3.2 Global Overall Schedule Reliability continued to fall

- After experiencing a slight decline over several consecutive months, the Global (Main Trades) Overall Schedule Reliability Index continued to drop in August, ending at 44.21%. This represents a decrease of 0.85 percentage points from the previous month.

2025.8 Global (Main Trades) Overall Schedule Reliability Index			
Index	Previous period	Current period	Comparison
Overall Schedule Reliability Index %	45.06	44.21	-0.85
Schedule Reliability Index for Commercial Commitment%	42.23	40.24	-1.98
Schedule Reliability Index for Operation Efficiency%	47.89	48.17	0.28

- In August, the Schedule Reliability for Operational Efficiency among the top 13 global carriers experienced more declines than improvements.

2025.8 Global (Main Trades) Overall Schedule Reliability Index						
Carrier	Schedule Reliability for Commercial Commitment %			Schedule Reliability for Operation Efficiency %		
	Previous period	Current period	Comparison	Previous period	Current period	Comparison
CMA CGM	37.44	37.20	-0.24	48.33	48.22	-0.11
COSCO SHIPPING	43.64	36.42	-7.21	48.75	52.96	4.21
EVERGREEN	39.54	41.25	1.71	39.38	51.08	11.70
HAPAG-LLOYD	65.46	56.95	-8.51	70.14	57.65	-12.49
HMM	8.13	8.90	0.77	17.28	23.39	6.11
Maersk	70.55	65.21	-5.34	69.72	63.67	-6.05
MSC	21.76	24.41	2.65	25.49	25.18	-0.31
ONE	31.53	37.04	5.51	44.44	43.78	-0.66
OOCL	44.96	41.09	-3.87	45.64	50.28	4.64
PIL	36.22	28.99	-7.24	31.30	24.53	-6.78
WAN HAI	14.10	18.78	4.68	23.91	30.61	6.70
YANG MING	33.82	26.17	-7.64	40.60	45.00	4.40
ZIM	37.65	34.91	-2.75	44.54	39.29	-5.25
Ocean Alliance	30.15	30.27	0.11	45.29	51.33	6.04
Gemini Alliance	76.72	70.02	-6.69	77.69	68.14	-9.54
Premier Alliance	26.67	26.74	0.07	40.38	43.75	3.37

[Schedule Reliability in August 2025] Alliances Adjusted Route Deployment, and Schedule Reliability Declined Continuously

https://www.xindemarinenews.com/en/market/2025/0915/61298.html

- Schedule reliability issues stem partly from port congestion, but more significantly from carriers' cost-saving measures, specifically the practice of "blank sailings" - skipping scheduled port calls to reduce fuel and charter expenses.

- Major reasons for increased vessels waiting time :

    - Transition between old and new schedules (adjustments in routes)
    - Concentration of large vessels arriving at ports
    - Restructuring of shipping alliances
    - Disruptions during operations
    - Adverse weather conditions
    - Port labour strikes

1.3.3 Port congestion

- In 2025, port congestion remains a persistent issue. It is reported that port congestion is expected to last until the end of the year.

- The practice of carrier alliances operating in a coordinated manner under Vessel Sharing Agreements is a significant factor in port congestion. This strategy focuses operations on select ports to secure lower costs from economies of scale and enhanced bargaining power.

- Port congestion situations in various regions in July 2025:

港口名称 Port Name	预计等待时长 Waiting Time	港口名称 Port Name	预计等待时长 Waiting Time
上海 Shanghai	0~1	桑托斯 Santos	1~2
东京 Tokyo	0~1	温哥华 Vancouver	0~2
新加坡 Singapore	0~1	纽约 New York	0~2
吉大港 Chittagong	0~4	里斯本 Lisbon	0~6
釜山 Busan	1~5	西雅图 Seattle	0~1

Source : Eports

- The following data shows the latest vessel waiting times and status for ports in Europe and North America (6-11 September 2025). Information for additional ports is available via the link below.

- The Council wishes to emphasize that this is only an average figure; it cannot convey the severe operational disruptions that erratic schedules actually cause.

Europe

Port Code	Port Name	Port Status	Days 22-28	Days 15-21	Days 8-14	Last 7 Days
BEANR	Antwerp	Business as usual	1.36	1.05	1.06	1.07
DEBRV	Bremerhaven	Slightly disrupted	1.00	1.00	1.00	1.00
DEHAM	Hamburg	Heavily disrupted	1.68	1.12	2.18	2.30
DEWVN	Wilhelmshaven	Business as usual	1.67	1.00	1.00	1.50
ESALG	Algeciras	Business as usual	1.00	1.33	1.75	1.00
ESBCN	Barcelona	Business as usual	1.00	1.00	2.00	1.00
ESVLC	Valencia	Slightly disrupted	4.25	3.25	4.06	2.29
FRFOS	Fos-sur-Mer	Business as usual	1.00	0	0	0
FRLEH	Le Havre	Heavily disrupted	1.00	1.00	1.00	3.00
GBFXT	Felixstowe	Business as usual	0	1.00	1.25	1.11
GBLGP	London Gateway Port	Heavily disrupted	3.00	1.00	1.00	0
GBSOU	Southampton	Slightly disrupted	1.50	1.75	1.00	1.80
IEDUB	Dublin	Business as usual	1.00	2.00	1.00	0
ITGOA	Genoa	Heavily disrupted	2.71	2.50	1.60	1.20
NLRTM	Rotterdam	Heavily disrupted	1.83	1.74	1.28	1.38
PLGDN	Gdansk	Business as usual	3.50	2.00	1.00	1.00
TRALI	Aliaga	Business as usual	0	0	0	0

North America

Port Code	Port Name	Port Status	Days 22-28	Days 15-21	Days 8-14	Last 7 Days
CAMTR	Montreal	Slightly disrupted	1.40	1.50	1.20	1.75
CAVAN	Vancouver	Slightly disrupted	1.40	1.10	2.00	1.17
MXATM	Altamira	Slightly disrupted	1.25	1.00	1.00	0
MXLZC	Lazaro Cardenas	Business as usual	3.00	2.00	1.25	1.00
MXVER	Veracruz	Slightly disrupted	0	0	0	0
MXZLO	Manzanillo	Business as usual	1.00	1.00	1.00	1.50
USCHS	Charleston	Business as usual	1.00	1.06	1.40	1.00
USHOU	Houston	Heavily disrupted	1.30	1.27	1.00	2.80
USLAX	Los Angeles	Business as usual	1.00	1.00	1.00	1.00
USLGB	Long Beach	Heavily disrupted	1.00	1.00	1.20	1.00
USNYC	New York	Slightly disrupted	1.00	1.03	1.17	1.13
USOAK	Oakland	Business as usual	1.00	1.00	1.00	1.00
USORF	Norfolk	Slightly disrupted	1.15	1.19	1.58	1.22
USPHL	Philadelphia	Business as usual	0	0	0	0
USSAV	Savannah	Business as usual	1.59	1.32	1.95	1.67

Port operational updates from around the world (6 – 11 September 2025)
https://mykn.kuehne-nagel.com/news/article/port-operational-update-week3725

Port Congestion | Week 31 Line-up Rotterdam Port Admits "Unusual Congestion"! The European Port Congestion Crisis Continues to Escalate (31 July 2025)
https://www.e-ports.com/zh/shipping/news/0580b960cade4a9d8187c64f7cf69bfc

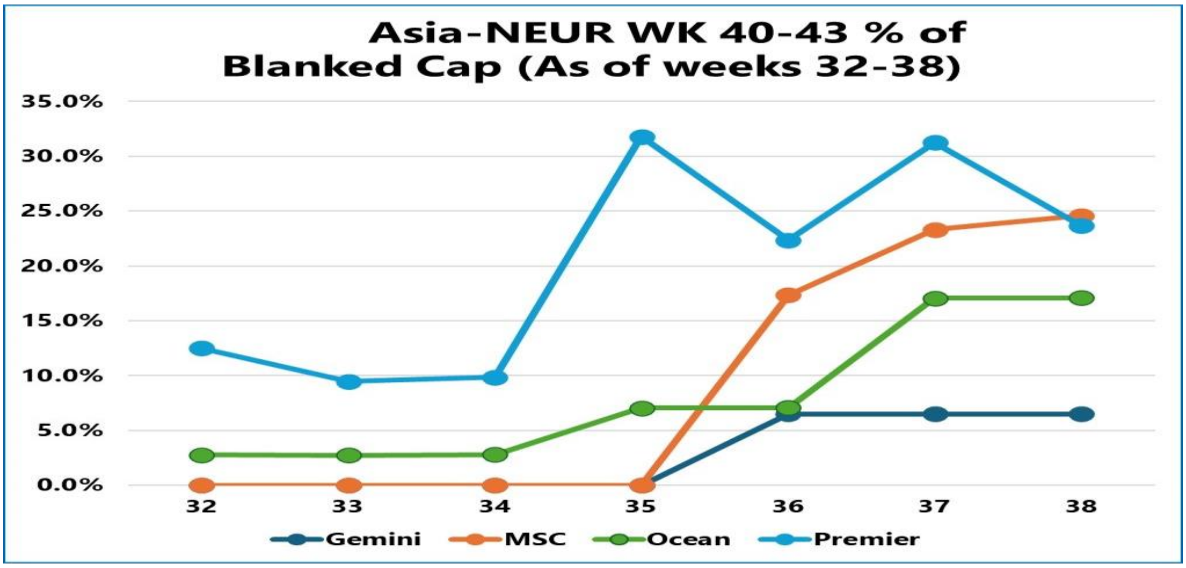
注意！港口擁堵惡化，恐持續至年底！(28 July 2025)
海事服務網 CNSS

歐洲港口大擁堵！MSC，馬士基，赫伯羅特調整亞歐航線 (25 July 2025)
https://www.xindemarinenews.com/m/view.php?aid=60667

1.3.4 Blank sailings increase

- Shipping lines employ blank sailings as a strategic capacity management tool, primarily to stabilize or increase freight rates in response to fluctuating cargo demand.

- The Council wishes to emphasize that the utilization of blank sailings has undergone a fundamental shift, evolving from an initial defensive measure for survival into an offensive commercial strategy for actively managing market freight rates. Shippers are hit particularly hard, with production schedules often impaired. This service failure stems from a lack of customer-centric approaches from shipping lines and operational complexities arising from alliance and VSA agreements.



- The above chart illustrates the percentage of blanked capacity on the Asia-North Europe trade lane from weeks 32 to 38, highlighting divergent alliance-level strategies to stabilize freight markets, as Golden Week factory closures in China approach. Premier Alliance was the definitive first mover, announcing significant cancellations from the start of the period in week 32. While the Ocean Alliance also began early, it adopted a more cautious approach before accelerating its blank sailings sharply in week 37.

Golden Week Blank Sailings Accelerate

https://www.sea-intelligence.com/press-room/347-golden-week-blank-sailings-accelerate

10 月份中美線空白航班創疫情以來新高　市場進入波動管理時代
https://finance.ettoday.net/news/3047609

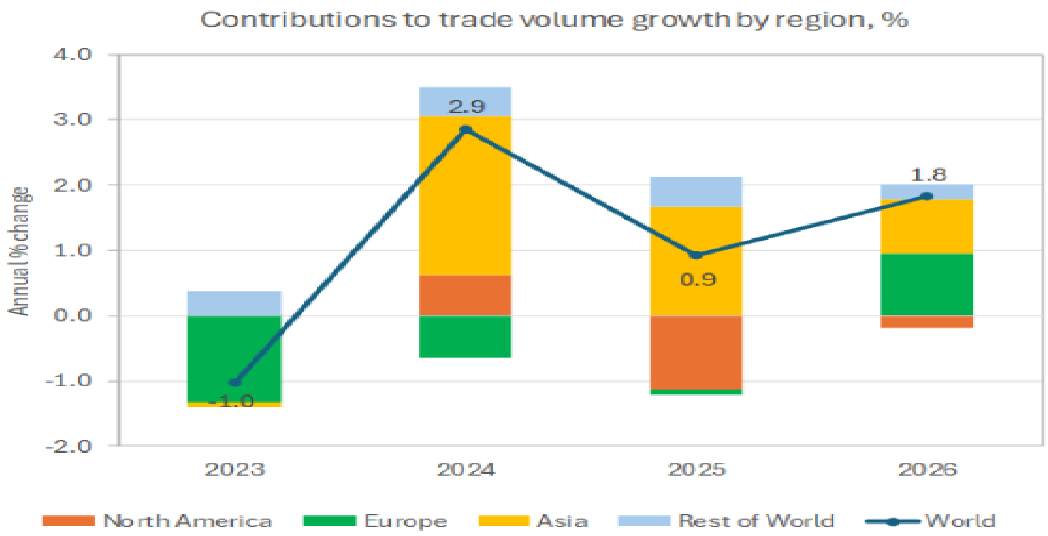
Carriers blank sailings at pandemic pace to prop up rates
https://alberta.com.vn/en/carriers-blank-sailings-at-pandemic-pace-to-prop-up-rates-n125

(2) What have been the impacts of global developments, e.g., recovery from the Covid-19 pandemic, port congestion, inflation, increased tariffs, etc., on the liner shipping industry? To what extent are these impacts (if any) expected to endure?

- We believe that the following major global developments will impact the liner shipping industry.

2.1 Global trade will be impaired

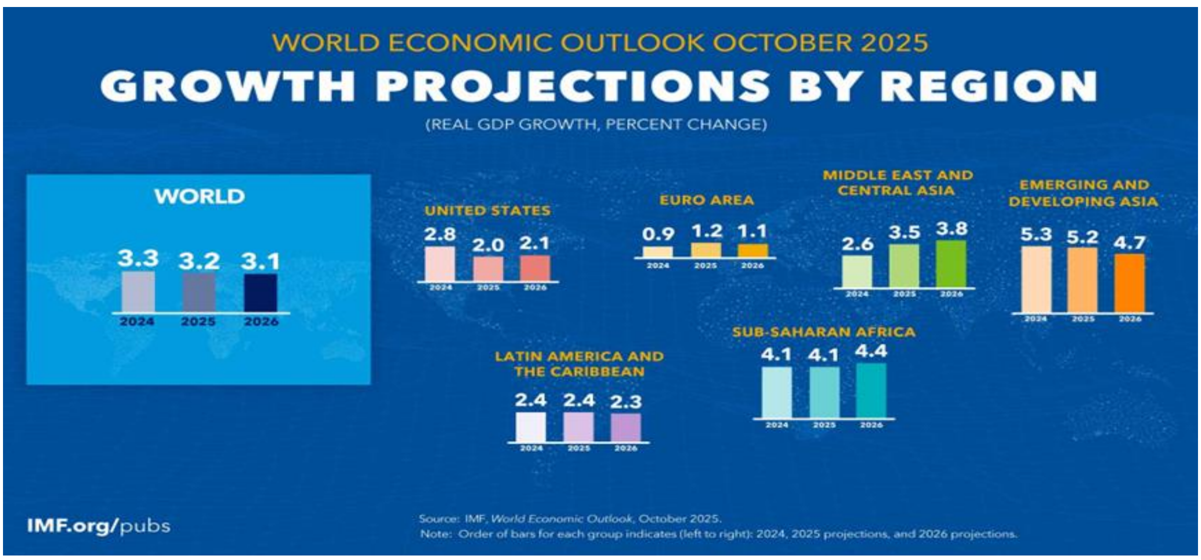
- While performance may vary across different economies, global economic growth significantly influences international shipping.



Source : World Trade Organisation 12 August 2025 report

2.2 Global economic prospects are weakening

- Unprecedented tariff hikes sustain uncertainty in global growth.



Source : IMF World Economic Outlook October 2025

2.3 Trade uncertainty is still high

- Uncertainties in trade negotiations and geopolitical developments continue to cloud the outlook.

2.4 Liner shipping industry will be more concentrated

- Reference is made to point 1.1, which addresses this matter.

2.5 Freight rate volatility

- Reference is made to point 1.2.1, which addresses this matter.

2.6 Service unreliabilty

- Reference is made to point 1.3, which addresses this matter.

2.7 Inflation will stay steady except some economies

- Geopolitical tensions could disrupt global supply chains and in longer run, might push commodity prices up.

Inflation projections

G20 economies

%

	2024	2025	2026
OECD	5.2	4.2	3.2
Australia	3.2	2.3	2.3
Canada	2.4	2.1	2.1
Euro area	2.4	2.2	2.0
Germany	2.5	2.4	2.1
France	2.3	1.2	1.7
Italy	1.1	2.0	1.9
Spain	2.9	2.4	1.9
Japan	2.7	2.8	2.0
Korea	2.3	2.1	2.0
United Kingdom	2.5	3.1	2.3
United States	2.5	3.2	2.8

	2024	2025	2026
Argentina	219.9	36.6	14.9
Brazil	4.4	5.7	5.0
China	0.2	-0.1	1.4
India	4.6	4.1	4.0
Indonesia	2.2	2.3	3.0
Mexico	4.7	3.4	3.2
Russia	8.5	9.7	6.1
Saudi Arabia	1.7	1.9	1.8
South Africa	4.4	3.2	4.2
Türkiye	58.5	31.4	18.5

OECD

Note: Table shows personal consumption expenditure price index for the United States, harmonised index of consumer prices for the euro area and its member states and the United Kingdom, and national consumer price index for all other countries. India's projections are based on fiscal years, starting in April. Spain is a permanent invitee to the G20.

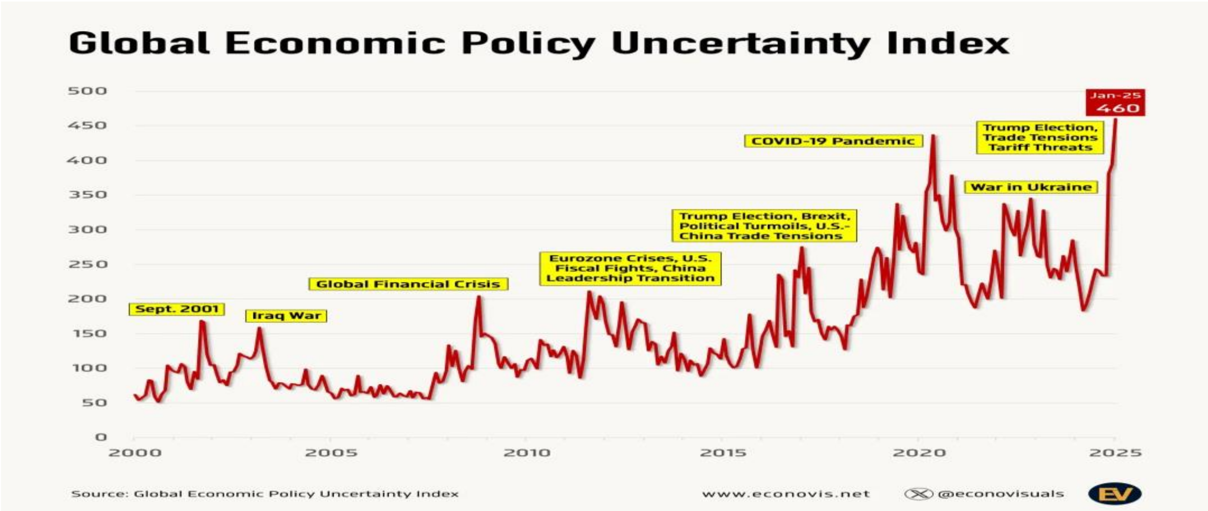
Source: OECD Economic Outlook 117 database; and OECD calculations.

25

Source : OECD Economic Outlook June 2025

2.8 Weak economy will lead to social discontent which will fuel protectionism and anti-globalization sentiments

- Adverse Impact on political and economic development.



Source : Voronoi 5 March 2025

- We are observing a trend towards more stringent trade measures. The resulting increase in trade obstacles such as port fees, trade sanctions will inevitably impact the global shipping sector.

- Shift in supply chain dynamics from globalization to regionalization.

2.9 Geographic tensions are significant and may linger on

2.10 Shifting of manufacturing activities from China to other new production bases will accelerate, but erratic

2.11 E-commerce continues to bloom

2.12 Technology, especially digital transformation, will have a profound effect on global shipping operations. Here are some examples.

- Port Community System (PCS)
- Shipping documents, for example, electronic Release Order (eRO) System
- eFreight payment services
- Electronic bill of ladings
- E.U. Digital Product Passport (DPP)
- Environmental, Social, Governance (ESG) requirements
- Trade Single Window
- CargoX Project

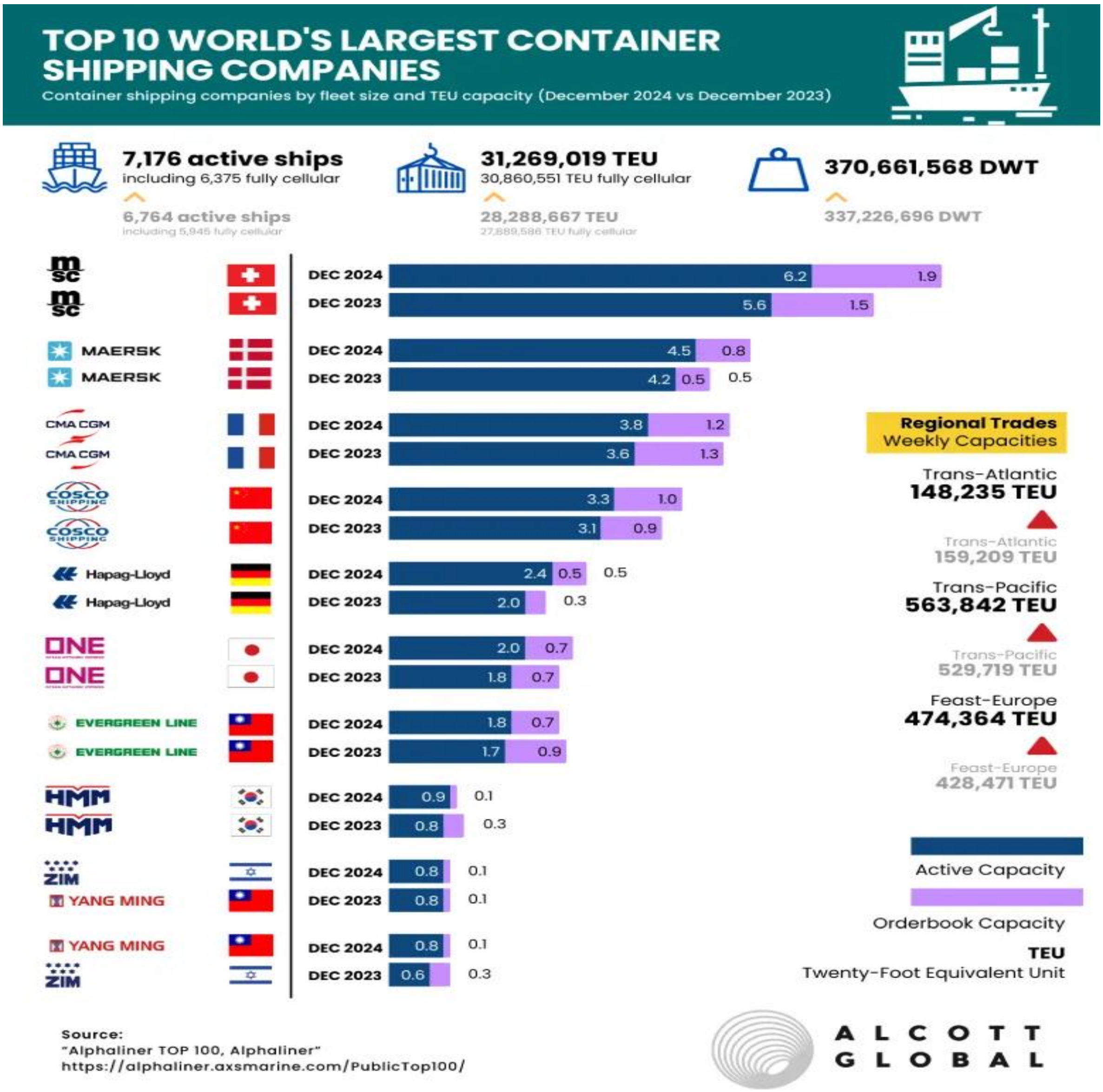
(3) To the extent not already addressed in (1) and (2) above, have there been any notable developments since the 2022 Variation Order that have taken place in Hong Kong or any place outside Hong Kong that affect VSAs?

We have no additional information to provide.

(4) Looking at the developments since the 2022 Variation Order, how has the Order influenced (if at all) the ability of small- and medium-sized carriers to compete effectively with large carriers? For instance, have there been any changes in terms of market access for small- and medium-sized carriers, their operational or cost efficiencies gained or challenges faced in competing with larger carriers?

- The 2022 Variation Order further solidified and strengthened the regulatory framework for ship-sharing agreements. However, the Council has to point out that its impact on enhancing the competitiveness of small and medium-sized carriers against larger carriers is very limited, and can even be considered neutral. It has not fundamentally changed the imbalance of market power. The structural challenges faced by small and medium-sized carriers still persist, while the scale advantages and market dominance gained by larger carriers through alliances and agreements have become even more entrenched.

- According the Alphaliner data below, the global shipping market remains stable, with the Top 10 carrier rankings largely unchanged. MSC continues to lead the industry, steadily growing its TEU volume as the world's largest container line.



Top 10 Shipping Lines December 2024 – Riding the Waves of Volatility
https://alcottglobal.com/infographic/top-10-shipping-lines-december-2024-riding-the-waves-of-volatility

- Small and medium-sized companies continue to face fundamental challenges in areas such as capital, scale, networks, and bargaining power. The Variation Order has failed to lower the structural barriers that prevent SMCs from competing on major trade lanes. This is evident in critical areas like port access, where large alliances retain priority for berths and terminal space at Kwai Tsing due to their volume guarantees. The Order created no mechanism to improve SMCs' access to this essential infrastructure, and as a result, no new small and medium sized carriers led consortia have emerged on Hong Kong's key shipping routes.
- The 2024 revenue rankings of the top 10 shipping lines below indicate the continued market dominance of large-scale carriers. The data confirms that the competitive landscape is defined by the scale and influence of these largest carriers, a central trend shaping the entire logistics sector.

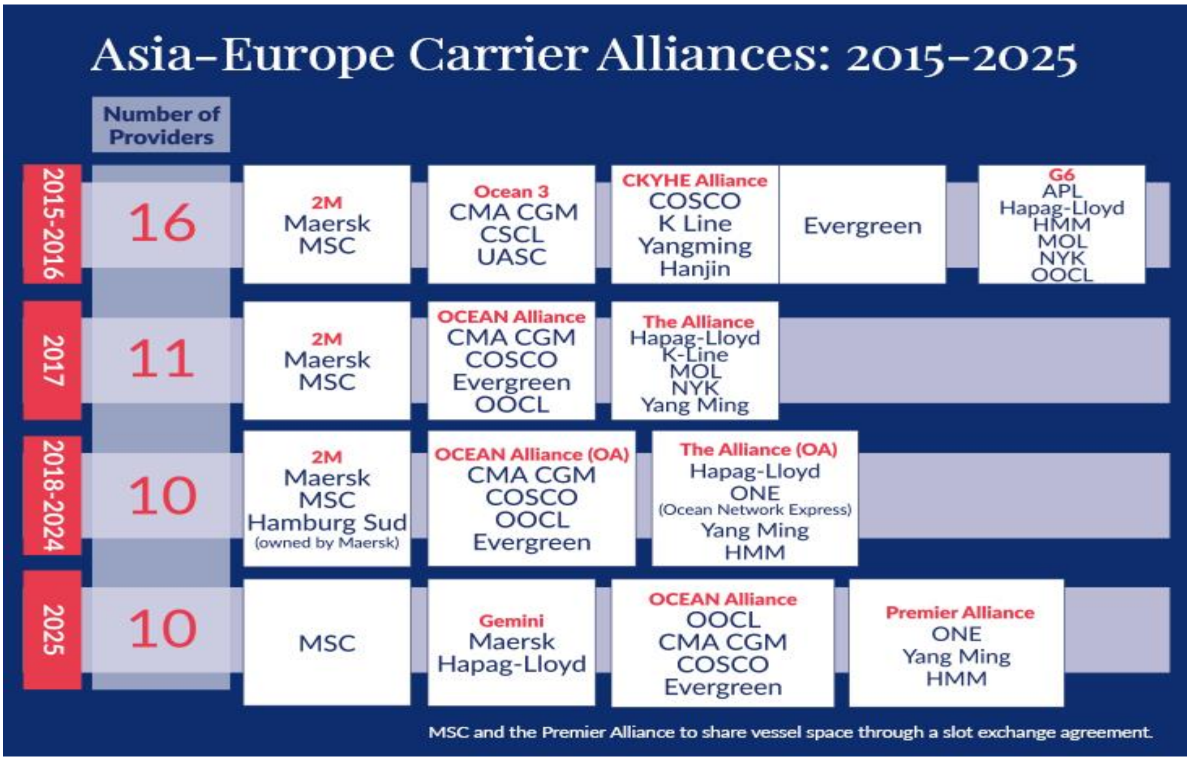
Top 10 shipping lines by revenue in 2024
https://phaata.com/en/logistics-market/top-10-shipping-lines-by-revenue-in-2024-61453.html

Market share limit

(5) Have there been any changes in the market that impact the appropriateness of the market share limit since the 2022 Variation Order?

- Since the issuance of the Order, the industry has experienced increased market consolidation, with shipping lines gradually gaining more market control. Major shipping carriers are reshaping the industry for 2025 with new partnerships and service networks.

- The following shows the re-structuring of Asia-Europe Carrier Alliances between 2015-2025 :



Major Changes to Global Shipping Alliances in 2025
https://www.pfe.express/2024/09/major-changes-to-global-shipping-alliances-in-2025/

2025 Global Container Shipping Alliances
https://www.logisticsplus.com/2025-global-container-shipping-alliances/

- The current market environment exhibits a pronounced imbalance in favor of shipping lines, who are exploiting shippers by artificially constraining supply through tactics like blank sailings, deliberately manufacturing a capacity crisis. This deliberate strategy allows them to unjustifiably inflate freight rates and impose a proliferation of surcharges. While these actions have generated windfall profits for carriers, shippers are left bearing the burden of exorbitant costs and severe supply chain disruptions, all while receiving service quality that has deteriorated to unacceptable levels.

(6) In the context of intra-regional trades (for example, the intra-Asia trade), have there been any changes which suggest the market share limit should be applied by reference to a particular point-to-point route on the trade instead of by reference to the trade as a whole?

- In light of the significant structural evolution in intra-regional trade, particularly within Asia, a critical re-evaluation of competition frameworks is imperative. The Council wishes to point out that the conventional practice of applying market share limits to a "trade as a whole" is now inadequate for safeguarding a competitive landscape. To effectively safeguard fair markets, the Council supports applying market share limits to specific point-to-point routes.

- The Council recommends that the Commission mandate the regular submission of detailed market share data from shipping lines, broken down by specific point-to-point routes. This data is essential for achieving the necessary level of market transparency.

Competition concerns and efficiencies

(7) Have there been any changes with respect to the competition concerns to which VSAs may give rise since the 2022 Variation Order? In this respect, the Commission previously found that VSAs could potentially give rise to:

(a) reductions in service variety;

(b) capacity restrictions (where parties to the VSA had market power); and

(c) sharing of competitively sensitive information.

- Rather than diversifying their service offerings, shipping lines are prioritizing profitability over service by manipulating capacity through blank sailings and altered routes, which has directly degraded performance. The collaborative nature of Vessel Sharing Agreements (VSAs) means these practices are adopted industry-wide, leaving shippers with no alternative. Ultimately, suspended services are unlikely to return for free but will instead be reintroduced as new chargeable offerings, permanently eroding the value delivered to shippers.

- Here are some announcements regarding the suspension of services by shipping lines :

MAERSK ZH_HANS 搜索 通知 帮助支

价格 订舱 船期 跟踪 管理 物流解决方案 公司

国际货运 / News / Advisories

Advisories

Asia to US West Coast Service Suspension - TP9

Summary: As previously advised on 3rd of September in the notice on our advisory on Golden Week blankings, the TP9 will be blanked for three weeks in October, voyages 540E, 541E and 542E.

10 9月 2025 分享

As previously advised on 3rd of September in the notice on our advisory on Golden Week blankings, the TP9 will be blanked for three weeks in October, voyages 540E, 541E and 542E.

We now wish to inform you that TP9 will be suspended for the remainder of Q4, 2025 as part of our ongoing network adjustments.

- The final sailing will be Synergy Keelung 539E, per the below route table
- Following this voyage, TP9 will remain suspended for the balance of Q4
- Further information regarding the potential reinstatement of TP9 will be communicated once available

Last sailing Asia to US West Coast (Eastbound)

Direction	Service	Voyage	First Port / Proforma ETD
Eastbound	TP9	539E	Xiamen / 23-SEPT

We remain committed to minimizing disruption to your supply chain and will be providing alternative solutions via our existing network to ensure continued coverage.

Thank you for your understanding and cooperation. We look forward to continuing working with you in the future. In case of any questions, please contact your local customer service or sales representatives.

MAERSK

ZH_HANS 搜索 通知 帮助支持 联系我们

价格 订舱 船期 跟踪 管理 物流解决方案 公司 注册 登录

国际货运 / News / Advisories

Advisories

TPX Service Suspension

Summary: As part of Network of the Future, Maersk will be suspending the TPX Service once transitioning into the Gemini Cooperation.

21 1月 2025 分享

As part of Network of the Future, Maersk will be suspending the TPX Service once transitioning into the Gemini Cooperation.

Our Maersk TPX service is covering North- & East China and North East Asia to Pacific North West incl. Alaska. With the introduction of the Network of the Future, we will wind down the service in the coming weeks and continue to connect the concerned areas (excl. Alaska) within Gemini.

The last TPX sailings will be as follows:

Asia to US West Coast (Eastbound)

Direction	Service	Vessel/Voyage	First Port / ETD
Eastbound	TPX	Cape Sorel / 503N	Shanghai / Jan-26

US West Coast to Asia (Westbound)

Direction	Service	Vessel/Voyage	First Port / ETD
Westbound	TPX	Cape Sorel / 506S	Tacoma / Feb-10

In case of any questions, please contact your local customer service or sales representatives or check Maersk.com/schedules/.

Thank you for your understanding and cooperation. We look forward to continuing working with you in the future.

Update:

In light of the 90-day U.S.-China trade agreement announced May 12, demand from China to the United States has surged, with volumes expected to continue increasing throughout June. Those volumes are further supported by existing backlogs and the lead-up to peak season.

Capacity has increased significantly, with full capacity expected to return by the end of June. Blank sailings have decreased in recent weeks: the cancellation rate fell to 15% (-10% WoW) the week of May 26, and is projected at 10% the week of June 9—the fewest blank sailings since late March.

Many carriers have already announced continuations of suspended service loops, which are resuming as soon as this week (Week 22). See the updated table and chart below.

Table 1: Suspended Transpacific Eastbound Service Loops (Updated May 27, 2025)

Carrier / Alliance	**Service Loop**	**Suspension Period**
Ocean Alliance	**PRX / CP1 / PCS1 / PRX / AAS2**	**Will resume Week 22**
Ocean Alliance	SEA3 / PSX	Week 18 - 23
Ocean Alliance	**CPS / AAC2 / HBB / PCN3**	**Will resume Week 22**
Ocean Alliance	**CBX / ECC3 / AWE7 / CBX**	**Will resume Week 25**
Mediterranean Shipping Company	**ORIENT**	**Will resume Week 23**
ZIM	**ZX2**	**Will resume Week 22**
Premier Alliance	PN4	Scheduled to begin in May, suspended until further notice
Premier Alliance	**PS5**	**Will resume Week 23**
Mediterranean Shipping Company / ZIM	PELICAN / ZSL	Week 19 until further notice
Mediterranean Shipping Company / ZIM	**EMPIRE / ZNS**	**Will resume Week 24**

Blank Sailings (Updated June 11, 2025)

Blank Sailing Spike After Tariffs : What It Means for Your Supply Chain

https://www.flexport.com/blog/blank-sailing-spike-after-tariffs-what-it-means-for-your-supply-chain/

救價！中美航線**10**月取消航次破表

https://tw.stock.yahoo.com/news/%E6%95%91%E5%83%B9-%E4%B8%AD%E7%BE%8E%E8%88%AA%E7%B7%9A10%E6%9C%88%E5%8F%96%E6%B6%88%E8%88%AA%E6%AC%A1%E7%A0%B4%E8%A1%A8-201000398.html

Shipping companies suspend sailings, exceeding record during epidemic period

https://www.swwlogistics.com/new/Shipping-companies-suspend-sailings-exceeding-record-during-epidemic-period.html

- The Council is deeply concerned that the current regulatory framework contains a critical deficiency by denying shippers access to essential information regarding capacity restrictions and competitively sensitive data. This systemic lack of transparency, compounded by carriers' general reluctance to share real-time operational intelligence, creates a fundamental market imbalance. As a result, shippers face significant obstacles in managing their supply chains effectively, leading to operational inefficiencies, costly delays, and severe planning challenges that propagate throughout the entire maritime logistics network.

(8) Have there been any changes with respect to the economic efficiencies and resulting benefits to consumers in Hong Kong to which VSAs may give rise since the 2022 Variation Order? In this respect, the Commission previously found that VSAs could give rise to:

(a) broader service coverage and higher service frequency than if shipping lines were operating alone;

(b) cost efficiencies for shipping lines through use of larger vessels; and

(c) decreased costs of entry and expansion for shipping lines on particular trade routes.

- While shipping lines could furnish more detailed cost efficiency data, the Council intends to refer to the shipping statistics below for service frequency provided by the Census and Statistics Department. The data shows a post-2020 decline in container vessel calls, a trend influenced by shipping alliances (VSAs) which consolidate routes and reduce direct competition. This consolidation has left shippers with fewer choices and less frequent services. Furthermore, contrary to the stated goals of such alliances and the BEO, shippers have not observed any expansion in geographical coverage or service variety.

Vessel Arrivals by Ocean Container Carrier		
Year	**No. of Ocean Vessels**	**Year on Year growth**
2014	30,176	+1.3%
2015	29,011	-3.9%
2016	27,642	-4.7%
2017	26,793	-3.1%
2018	25,410	-5.2%
2019	25,388	-0.1%
2020	21,999	-13.4%
2021	16,256	-26.1%
2022	16,735	+3.0%
2023	18,867	+11.3%
2024	18,395	-2.5%
2025 (Q1+Q2)	9,406	+3.1% *

*compared with 2024 (Q1+Q2) : 9,120
Source : Census and Statistics Department

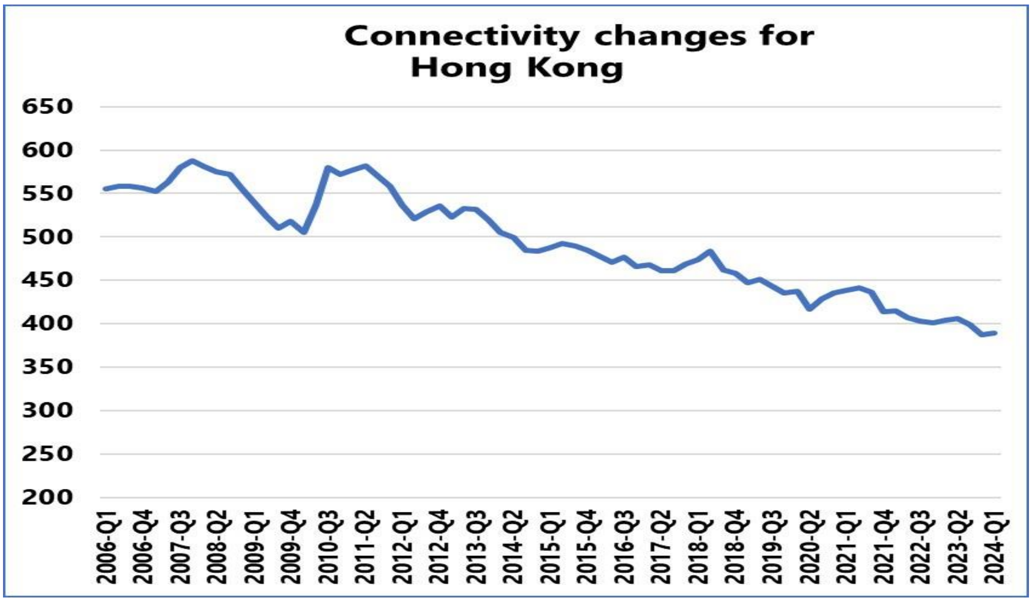
- Major shipping lines are widely reported to be rapidly withdrawing direct services from the Port of Hong Kong on key East-West trade routes. This is part of a broader trend of network consolidation by new global alliances, a strategy that severely limits choices for shippers.

- Here is a summary of the specific service cuts across the major alliances:

Shipping Alliances	Network & Effective Date	Change in Direct Calls to Hong Kong
Gemini Cooperation	Network starting February 2025	No direct deep-sea calls
Ocean Alliance	Updated 2024 network	Reduced to 6 direct calls, down from 11 previously
THE Alliance	2025 Transpacific network	Removed from Pacific Southwest & Northwest services; served by only a single Asia-US East Coast service

Container alliances drop direct calls in Hong Kong
https://www.seatrade-maritime.com/maritime-logistics/container-alliances-drop-direct-calls-in-hong-kong

- The Port of Hong Kong is experiencing a severe and sustained deterioration in its liner shipping connectivity. After hitting a historic low of 388 in the final quarter of 2023, the index saw only a marginal improvement to 390 in Q1 2024, confirming a strong negative trend. This decline is primarily driven by strategic decisions from the major shipping alliances, which are significantly reducing their direct service calls at the port.



Major connectivity loss for the port of Hong Kong
https://www.sea-intelligence.com/press-room/258-major-connectivity-loss-for-the-port-of-hong-kong

- The shipping industry is seeing a trend of consolidation and office downsizing in Hong Kong. Rather than enhancing their service offerings, many shipping lines are reducing their local operational footprint. This strategic shift often leads to diminished customer service levels for shippers and a net reduction in local employment opportunities within the shipping and logistics sector.

Maersk cuts 10 000 jobs and sees global trade weak until 2026
https://www.moneyweb.co.za/news/companies-and-deals/maersk-cuts-10-000-jobs-and-sees-global-trade-weak-until-2026/

Major shipping lines reduce services to Hong Kong port
https://indiaseatradenews.com/major-shipping-lines-reduce-services-to-hong-kong-port/

- While the current strategy of network consolidation may generate economic efficiencies for the shipping lines, these benefits are not being passed through the supply chain. Shippers continue to face elevated freight rates and deteriorating service levels, which ultimately contribute to higher end-consumer prices.

- Shipping lines are pursuing aggressive horizontal and vertical integration strategies to consolidate market power and establish dominant, end-to-end control over global supply chains.

- In pursuit of horizontal integration, they are dominating the core business of ocean freight through mergers and acquisitions, a strategy that increases market share, reduces competition, and achieves economies of scale (as detailed in point 1.1).

- Through vertical integration, shipping lines are expanding beyond ocean freight to command the entire supply chain. A key upstream strategy is the acquisition of port terminals. Below are some examples :

    - Maersk's Acquisition of Senator International & Pilot Freight Services in 2021 & 2022

    - In 2019, CMA CGM completed its acquisition of CEVA Logistics, a Swiss-based logistics company, to become a global maritime transport and logistics group.

      A.P. Moller - Maersk completes acquisition of LF Logistics
      https://www.maersk.com/news/articles/2022/08/31/maersk-completes-acquisition-of-lf-logistics

      CMA CGM Finalizes Tender for CEVA Logistics
      https://www.offshore-energy.biz/cma-cgm-finalizes-tender-for-ceva-logistics/

- The horizontal and vertical integration within the container shipping industry have consolidated control over global capacity into fewer hands. This concentration grants carriers significant pricing power across the logistics chain, which they exercise to their advantage. This has diminished competitive options for shippers and enabled carriers to capture the economic efficiencies for themselves, rather than sharing the benefits down the supply chain.

Regulatory developments in other jurisdictions

(9) Between 2023 and 2024, the European Commission and the UK Competition and Markets Authority ("CMA")[8] allowed their respective Consortia Block Exemption Regulations ("CBERs"), which also covered VSAs, to expire.

(a) Does the expiry of the CBERs have any impact on the effectiveness of the Order? For example, because of the expiry of the CBERs, companies that previously relied on the application of both the CBERs and the Order (i.e., on the Asia/Europe trade) are no-longer able to do so and are required to self-assess regardless of the continued application of the Order; and

We seek the following input from the European Shippers' Council :

Yes, the expiry of the CBERs means that arrangements that previously benefitted from automatic block-exemption cover under the CBER for the relevant consortia must now revert to self-assessment under competition law. That has (or will have) a knock-on effect on the "Order" insofar as companies previously relied on the CBER in parallel.

- CBER essentially gave automatic cover (subject to its conditions) to a class of arrangements (here, liner shipping consortia) from the normal prohibition (e.g., under Article 101 TFEU or corresponding UK law). Companies entering into a consortium that falls within the block exemption have legal certainty.

- When a block exemption expires and is not replaced, the automatic cover disappears. Arrangements that previously were "safe" must now be assessed individually for compatibility with competition law (self-assessment). Unfortunately, guidance for self-assessment has been limited, which makes enforcement also weak.

- If the "Order" envisages that the CBER remains the underpinning legal basis for the automatic exemption, its expiry will mean that the Order cannot continue to rely on that underpinning. Unless the Order is drafted to provide its own block-exemption or automatic exemption regime, companies that were relying on both will face a regulatory gap.

- The expiry of the CBER has been simultaneously been accompanied by the updating of the Specialisation Block Exemption Regulation and the Horizontal Block Exemption Regulation, which are technically less wide.
  Link : Horizontal block exemptions - Competition Policy - European Commission

- In practical terms, companies operating Asia/Europe trades (or calls into EU/EEA ports) will need to check :

  1. Whether the "Order" continues to provide block exemption cover (or if it is limited to certain conditions);

  2. Whether the market shares of the relevant consortium or VSA are above any threshold (for example the 30% threshold under the CBER). Under the CBER, the consortium members had to have a combined share of no more than 30% in the relevant market. And 20% under the Horizontal BER.

3. Whether they meet the other conditions of the exemption (withdrawal rights, no hardcore restrictions etc.) if the Order replicates them.

4. If they do not meet them (or if the Order does not provide automatic cover), then they must undertake a self-assessment under competition law and keep adequate documentation of that. The EU Commission emphasises the need for self-assessment and retention of file in case of investigation.

5. From a compliance-risk perspective, companies should act now to review their arrangements on the Asia/Europe trade, check whether they still fall within an exemption regime under the Order, and if not undertake self-assessment, consider modifying or terminating the cooperation arrangements, or seek clearance/authorisation.

6. The expiry does not automatically invalidate pre-existing arrangements but changes their legal basis. Also, any ongoing VSA or consortium must continue to comply with general competition law (e.g., Article 101 TFEU or Chapter I CA98 in the UK) even while the block exemption existed. So the expiry just means less safe-harbour.

(b) Are any of the factors that resulted in the European Commission's or the CMA's respective decisions not to renew their CBERs relevant to the Commission's consideration of the renewal of the Order?

Yes, the factors behind the expiry of the CBER are highly relevant and should be treated as "must review" items when considering the renewal of the Order.

The main factors for the Competition Commission to consider included :

- The EU Commission's evaluation (launched August 2022) found that the CBER no longer met the criteria of effectiveness, efficiency and EU added value.
- Specific findings:
  - Only a small number of consortia fell within the scope of the CBER. The block exemption delivered limited compliance cost savings to carriers and played a secondary role in carriers' decision to cooperate.
  - The exemption did not enable smaller carriers to cooperate among each other and offer alternative services to larger carriers; i.e., market structure had changed (consolidation, larger alliances, vertical integration) and the original rationale of the block exemption (to facilitate consortia for carriers that could not separately offer services) was undermined.
  - Stakeholders (read: ESC and CLECAT) expressed concerns: during the pandemic carriers posted very high profits, service levels and fairness to shippers were questioned. The CMA noted in its UK review that some shippers did not feel they received a fair share of the efficiencies from consortia.
  - The global shipping market and trade-lane patterns had changed dramatically (larger vessels, global alliances, mania of consolidation, supply-chain shocks), so the special category block exemption for liner shipping was seen as less justified.
  - The UK CMA also pointed to the fact that many liner shipping arrangements already exceed the share threshold (30 %) so self-assessment was already required under the old CBER; the existence of overlapping regulation (EU/UK) reduced the value of an automatic exemption from the UK side. GOV.UK

(10) Have there been regulatory developments in other jurisdictions, such as block exemptions being created, renewed or left to expire, that are relevant to the Commission's review?

- We have insufficient knowledge regarding changes to the US FMC arsenal and the current state of the Horizontal BER in the EU.

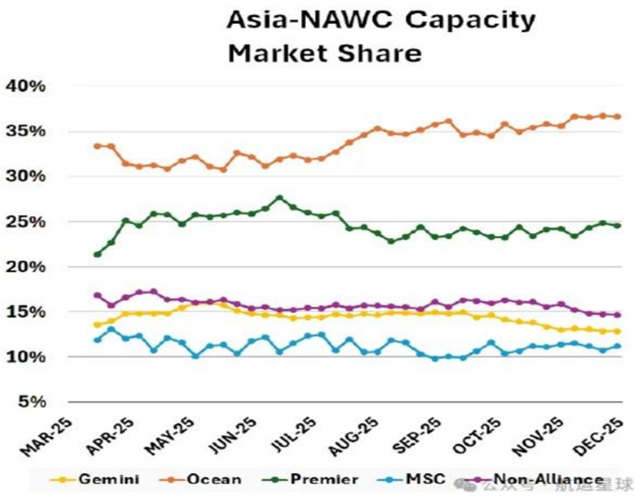
Effectiveness of the Order

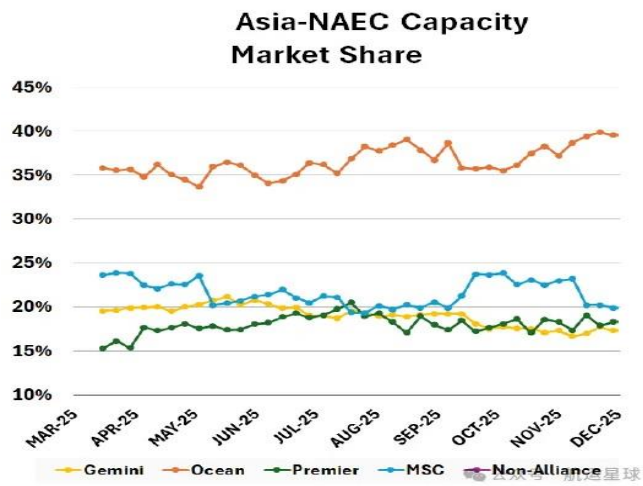
(11) Does the Order continue to be merited and effective? In your response, please address:

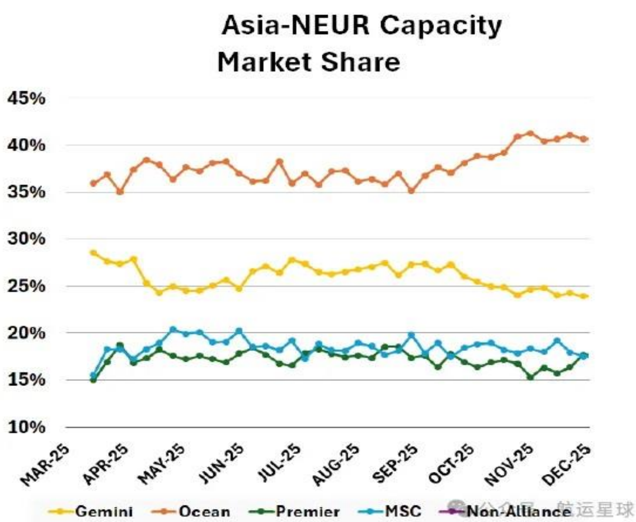
(a) the desirability of maintaining a stable and predictable regulatory environment in relation to competition for liner shipping; and

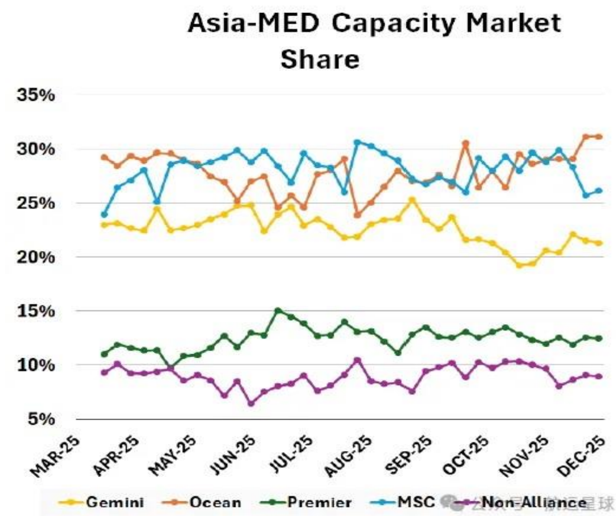
- If the Block Exemption Ordinance (BEO) is to be granted, the 40% market share cap must be upheld as an absolute minimum standard. This threshold represents a substantial portion of any market, particularly within narrowly defined trade lanes. It grants a single entity significant influence and the potential to manipulate, if not control, the market. Therefore, the Competition Commission should not only maintain this crucial safeguard but also consider its reduction to further enhance competition and market integrity.

- Let's use the following charts from the recent Sea-Intelligence report as an illustration.









Ocean Alliance Consolidating Dominance (15 October 2025)
https://www.sea-intelligence.com/press-room/351-ocean-alliance-consolidating-dominance

- The charts reveal that the Ocean Alliance is not merely leading but dominating key trade lanes, with the projected market share shown below. This is not a healthy competition as the market concentration approaching a tipping point.

Trade Route	**Ocean Alliance's Projected Capacity Share**
Asia – North Europe	Projected to surge from ~36-38% to **41%** by December 2025
Asia – North America West Coast	Forecast to peak at **37%**
Asia – North America East Coast	Forecast to reach **38-40%**

- A single alliance controlling over two-fifths of the market capacity while maintaining a 20-percentage point lead over rivals on key transpacific trades inherently threatens competition. It grants the alliance undue influence over pricing and service levels, ultimately harming shippers through reduced choice and diminished bargaining power.

- We contend that this level of concentration is absolutely anti-competitive. To prevent market distortion and protect shippers, we urge the Commission to proactively establish a new, lower cap that genuinely safeguards competition.

(b) the likely effects if the Order were allowed to expire.

- We are certain that more "choices" would be offered to shippers if the Order is expired. These choices will include :

  (i) Type of "premium", "express", "standard", "slow-sailing" services, etc. Under VSAs, carriers are obliged to offer common/standard services as deviations would result in extra costs.

  (ii) Similarly, regarding port choices, VSAs lock carriers into fixed routes and schedules. This structural rigidity prevents them from adapting to shippers' new, ad hoc, or unexpected demands that would require diversions or additional port calls, thereby reducing supply chain resilience.

  (iii) Finally, this standardized approach results in inflexible routing and port rotations. The pre-set nature of VSAs prevents dynamic adjustments, locking shippers into a rigid network regardless of their specific needs.

- The current system of Vessel Sharing Agreements (VSAs) often prioritizes cost-efficient, standardized services over differentiated, customer-centric solutions. This operational model ultimately disadvantages shippers, who are the carriers' customers. Furthermore, we do not believe the expiration of the Order would significantly disrupt global maritime shipping. The industry's major carriers possess robust financial, commercial, and political foundations, making their failure unlikely. The fundamental principle of supply and demand assures that service providers will emerge to meet the needs of global trade. If demand exists, carriers will adapt to fulfill it.

(12) Have there been any material changes in the forms or terms of VSAs since the 2022 Variation Order?

We have no additional information to provide.

Other matters

(13) Please provide any further information, views or evidence that you consider may assist the Commission in formulating a proposal on the future of the Order.

13.1 The Council wishes to emphasize that a steadfast commitment to service is a non-negotiable obligation for shipping lines towards all customers. To guarantee this, robust and effective regulatory oversight is indispensable.

- The Council reaffirms the position outlined in our previous submission that Hong Kong currently lacks a dedicated statutory body with the requisite authority to monitor the shipping industry and mandate the disclosure of essential commercial information. While jurisdictions like the United States empower authorities to demand such transparency, Hong Kong's framework, wherein responsibilities are diffusely held within the Transport and Housing Bureau, is fragmented, incomplete, and ineffective. This regulatory void has directly led to a critical deficit in transparency from shipping lines, undermining fair competition. In addition, the market power of shipping lines is demonstrated by their capacity to engage in disruptive practices, such as port skipping, route changes, and denial of bookings, without incurring financial or regulatory penalties. This impunity highlights a fundamental market failure that necessitates regulatory intervention. The establishment of a dedicated statutory authority is therefore urgently required to provide comprehensive oversight, strategic vision, and a coherent long-term policy for the sector.

- We are convinced that empowering a statutory body to enforce transparency and combat anti-competitive practices constitutes a far more potent deterrent than reliance on self-assessment. In the absence of such robust oversight, the erosion of healthy competition will inevitably harm shippers' interests, impose significant operational and cost burdens upon them, and ultimately compromise the competitiveness of Hong Kong's entire logistics sector.

- To maintain the effectiveness of any Block Exemption Order (BOE), we recommend it be granted with a defined review schedule. While the last cycle spanned four years, the heightened volatility of the global landscape calls for a more frequent and agile review process to allow for timely adjustments.

13.2 Relevance to the Order review:

- If the "Order" is for the Asia/Europe trade (or certain trade-lanes) and provides a block exemption for liner consortia or VSAs, then these same criteria will apply: Is the order still delivering sufficient efficiencies? Are those efficiencies being passed on to shippers/users? Is the market structure such that the rationale for automatic exemption still holds?

Regarding the review, your Commission may want to ask :

- The regulatory authority will want to ask:

1. Are the conditions for the Order still aligned with the market reality (size of carriers, alliance structures, vertical integration, global service networks)?

2. Do the benefits of the Order (cost savings, service improvements, wider port coverage) continue and are they fairly passed on to users?

3. Is there a risk of anti-competitive harm (e.g., from capacity alliances, coordination of scheduling, possibly market-sharing) that the block exemption gives a safe-harbour to?

4. Is self-assessment (or case-by-case assessment) now just as viable or better than automatic exemption (i.e., is the value of the block exemption diminished)?

5. Are the conditions (market share thresholds, withdraw rights, absence of hardcore restrictions) still meaningful or being breached/subverted?

6. The findings from the CBER review provide a strong precedent: regulators view that the block exemption may no longer be fit for purpose in maritime liner services. If the Order is similar in scope, is the regulator likely to take a conservative view and favor self-assessment over an automatic exemption?