The Chartered Institute of Logistics and Transport

Competition Commission,

19/F, South Island Place,

8 Wong Chuk Hang Road,

Wong Chuk Hang, Hong Kong

RE: Case BE/0004: Representation on the Commission's Proposal to Vary (Renew) the Competition (Block Exemption for Vessel Sharing Agreements) Order 2017

Dear Sir/Madam,

The Chartered Institute of Logistics and Transport in Hong Kong (CILTHK) appreciate the opportunity to provide our representations regarding the Competition Commission's proposal to renew the *Competition (Block Exemption for Vessel Sharing Agreements) Order 2017* (the "Order") for a period of five years, with a new expiry date of 8 August 2031.

Position on Proposed Timeline

CILTHK notes the Commission's decision to move from the four-year review cycle back to a five-year renewal period. While we have previously expressed our stance that the Order should be allowed to expire — consistent with the regulatory shifts observed in the European Union and the United Kingdom. We acknowledge the Commission's proposal to maintain the current regulatory framework. Given the Commission's administrative intent, we do not oppose the proposed timeline of 8 August 2031 for the next expiry.

Maintaining Our Stance on Market Competition

Notwithstanding our acknowledgement of the proposed timeline, CILTHK maintains the concerns articulated in our submission to the Commission dated 28 October 2025. We remain of the view that the liner shipping industry has undergone significant transformation that challenges the original justifications for a block exemption. Specifically:

The Chartered Institute of Logistics and Transport in Hong Kong 香港運輸物流學會
(Incorporated in Hong Kong with limited liability by guarantee)
7/F Yue Hing Building | 103 Hennessy Road | Wanchai | Hong Kong
T (852) 2866 6336 | F (852) 2866 6118 | E info@cilt.org.hk | W www.cilt.org.hk

- **Potential for Market Distortion:** We continue to hold concerns that the coordination of sailing timetables and the collective management of capacity can act as tools for market manipulation rather than purely operational efficiency.
- **Regulatory Alignment:** The decision by the European Commission and the UK Competition and Markets Authority to let their respective Consortia Block Exemption Regulations expire remains a compelling international precedent. We continue to advocate for a regulatory environment that prioritises self-assessment under the general framework of the Competition Ordinance to encourage genuine competition and innovation.
- **Need for Granular Oversight:** As the Port of Hong Kong evolves into a regional hub for intra-Asia trade, we maintain that regulatory oversight must be increasingly nuanced. We reiterate the importance of considering point-to-point route assessments and implementing robust monitoring mechanisms to ensure that the efficiencies claimed by VSA participants are genuinely passed on to shippers and consumers.

Conclusion

While CILTHK accepts the Commission's current proposal regarding the renewal timeline, we urge the Commission to utilise this extended period to conduct rigorous, ongoing monitoring of the industry. We encourage the Commission to remain vigilant regarding market concentration, the practices of major alliances, and the impact of VSA activities on small and medium-sized enterprises.

We look forward to continuing our engagement with the Commission to ensure that the regulatory framework for Hong Kong's maritime sector fosters a competitive, fair, and efficient market.

Yours faithfully,

The Chartered Institute of Logistics and Transport in Hong Kong

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