Hong Kong Liner Shipping Association

Response to Hong Kong Competition Commission's Public Consultation under Section 20 of the Competition Ordinance dated 11 June 2026

Case Number: BE/0004

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13 July 2026

1. Introduction

1.1 The Hong Kong Liner Shipping Association ("**HKLSA**"), as the original applicant for a block exemption order on behalf of the liner shipping industry in Hong Kong, welcomes the notice published by the Hong Kong Competition Commission (the "**Commission**") dated 11 June 2026 on its proposal to renew the block exemption order for vessel sharing agreements (the "**Notice**").

1.2 HKLSA fully supports the Commission's proposed renewal of the Competition (Block Exemption for Vessel Sharing Agreements) Order 2017 (as varied) (the "**Order**") for a further five years until 8 August 2031 on substantially the same terms, subject to the points on the market share threshold and duration set out below.

2. Importance and benefits of VSAs for Hong Kong

2.1 Since the Order was granted in 2017 and renewed in 2022, it has provided a clear and effective framework for the liner shipping industry and has supported the operation of vessel sharing agreements ("**VSAs**") in Hong Kong. As noted by the Commission, the Order has continued to generate significant pro-competitive efficiencies by supporting carriers' continued use of VSAs in Hong Kong, which enables them to offer broader service coverage, increase service frequency and deployed capacity, reduce costs of entry and expansion, and respond flexibly to changing market conditions, compared with if the carriers were operating services alone. These efficiencies are ultimately passed on to shippers and consumers in Hong Kong, thereby contributing to the overall competitiveness, connectivity and attractiveness of the Port of Hong Kong.

2.2 HKLSA is pleased to see that the Commission has taken on board comments from market participants that the role of the Hong Kong port is increasingly evolving towards that of a hub for regional carriers and intra-Asia trade, with a greater emphasis on smaller vessels operating at higher frequencies. This trend has two key consequences, both of which have been identified by the Commission in the Notice. First, it reinforces the continued importance of the Order as smaller carriers rely heavily on VSAs to access broader networks and typically have more limited compliance resources so are key beneficiaries of the Order. Second, it makes it more important that Hong Kong is aligned, from a regulatory perspective, with neighbouring ports within Asia such as those in Mainland China, Singapore, Japan, Malaysia, South Korea and Taiwan (amongst others), all of which have longstanding exemptions for VSAs.

2.3 HKLSA is of the view that the continued availability of the Order is absolutely crucial to ensuring legal certainty for the Hong Kong liner shipping industry. As noted by the Commission, since the last renewal of the Order, VSAs have continued to be widely used by shipping lines operating liner shipping services calling at Hong Kong, with a significant proportion of the cargo carried by HKLSA's members being carried on the vessels of VSA partners rather than their own vessels, meaning the Order is relevant for a large portion of Hong Kong's liner shipping services.

3. Duration of the Order and appropriateness of the market share limit

3.1 HKLSA notes that the Commission has proposed to retain the existing market share limit and to renew the Order for a fixed term of five years. HKLSA welcomes the Commission's decision to increase the duration of the Order from four to five years, consistent with the Commission's approach prior to the pandemic. However, HKLSA remains of the view that it is not necessary for the renewed Order to be subject to a fixed term. An open-ended exemption would further enhance regulatory certainty for shipping lines in Hong Kong and, rather than imposing a fixed duration, the Commission could instead exercise its powers to monitor market developments and intervene where appropriate.

3.2 HKLSA also remains of the view that it is not necessary to include a market share threshold in the Order. As mentioned at paragraph 7.1 of our submission dated 3 October 2025, market share limits are not imposed in many other jurisdictions that provide exemptions for VSAs, including across Asia.

3.3 However, notwithstanding the above, if the Commission considers it appropriate to retain such qualifiers to the Order, HKLSA does not oppose the proposal in the Notice to maintain a market share limit of 40% (or 45% for a period of two consecutive years) and to renew the Order for a further five-year period.

4. Conclusion

4.1 HKLSA is pleased to see that the Commission's findings in the Notice confirm VSAs remain fundamental to the efficient operation of liner shipping services in Hong Kong. The Order provides legal certainty to carriers, promotes healthy competition through VSAs, and generates efficiencies that ultimately benefit consumers and businesses that depend on reliable and competitive maritime services in Hong Kong.

4.2 The Commission's proposed renewal of the Order is consistent with the strategic importance placed by both the Hong Kong SAR Government and the Central People's Government on the continued development of the Port of Hong Kong. HKLSA looks forward to continuing its constructive engagement with the Commission and contributing to the continued development of Hong Kong as a leading international maritime centre.