Comments of the

World Shipping Council

Submitted to the

Hong Kong Competition Commission

In the matter of

Notice dated 11 June 2026 of Commission Proposal to Vary (Renew) the Competition (Block Exemption For Vessel Sharing Agreements) Order 2017 (As Varied)

13 July 2026

WSC response to Hong Kong Competition Commission's public consultation dated 11 June 2026

1. Introduction

1.1 The World Shipping Council ("**WSC**"), on behalf of the international liner shipping industry, respectfully submits these comments in response to the Notice of the Commission Proposal to Vary (Renew) the Competition (Block Exemption For Vessel Sharing Agreements) Order 2017 (as varied) ("**Notice**"), published by the Hong Kong Competition Commission ("**Commission**") on 11 June 2026.

1.2 WSC welcomes this opportunity to provide its views on why it supports the Commission's proposed renewal of the Competition (Block Exemption for Vessel Sharing Agreements) Order 2017 (as varied) ("**Order**") and on certain points raised in the Notice. In particular, WSC notes that the Commission proposes to renew the Order for a further five years, subject to a market share limit consistent with the existing Order. WSC takes this opportunity to explain why, in its view, neither of these limitations need be imposed.

2. WSC strongly supports the proposed renewal

2.1 WSC strongly supports the Commission's proposed second renewal of the Order. WSC agrees that the bases upon which the Order was initially issued and subsequently renewed remain satisfied and provides below additional context and information which it considers supports the Commission's proposed renewal of the Order.

2.2 In particular, WSC welcomes the Commission's recognition of Hong Kong's position as a leading international port, but one that is increasingly focussed on intra-Asia regional trade[1]. As the Commission rightly observes, this context makes regulatory alignment with other Asian jurisdictions especially important. Many of these jurisdictions have block exemptions or equivalent arrangements for vessel sharing agreements ("**VSAs**"). Given the characteristics of the Port of Hong Kong, greater weight should be placed on consistency with these regional approaches than on developments in the European Union or United Kingdom, where, as the Commission notes, market conditions differ considerably.[2]

3. The Order benefits all VSAs, not just alliances

3.1 WSC notes that the Commission focused primarily on alliances in the Notice. However, it is important to highlight that all VSAs benefit from the Order, not just alliances. A VSA, as defined in the Order, is "*an agreement or a set of interrelated agreements between liner operators in which the parties to such agreement or agreements discuss and agree on operational arrangements relating to the provision of liner shipping services, including the coordination or joint operation of vessel services, and the exchange or charter of vessel space*". VSAs therefore span a wide spectrum, from simple bilateral slot charter or capacity exchange agreements, to joint service agreements, to the alliances covering multiple trade routes. The structure, duration, and geographic scope of these agreements

[1] Paragraph 58 of the Notice.

[2] Paragraph 56 of the Notice.

vary according to the needs of the carriers seeking to offer service to a particular market. Alliances are only one type of VSA that involves joint operation of fleets of vessels and sharing of vessel space in multiple trades, typically focused on the East-West trade.

3.2 Hong Kong benefits from a diverse range of VSAs. As the Commission noted in the Notice, Hong Kong is becoming more of a hub for regional carriers and intra-Asia trade, which typically utilises smaller vessels. Therefore, many VSAs for services calling at the Hong Kong port involve smaller carriers agreeing to pool vessels and obtaining access to slots on others' services, rather than the alliances, which will not necessarily include Hong Kong in each port rotation.

3.3 VSAs are particularly important for smaller carriers, as the ability to enter into a VSA enables them to compete more effectively with larger rivals without making significant investments in expanding their fleet. These carriers are likely to have more limited compliance resources and experience to enable them to self-assess, meaning they are heavily reliant on the Order for the legal certainty to make use of VSAs to compete with larger rivals.

3.4 For completeness, alliances are not separate economic entities distinct from their members. This means they should not have a "market share" attributed to them when considering the competitiveness of the market. Indeed, members of alliances (as with any VSA) are independent operators that compete vigorously with each other, as well as with non-alliance/VSA members, on price, commercial strategy, service quality and customer relationships.

4. VSAs do not allow members to jointly withhold capacity

4.1 WSC agrees with the Commission's conclusion that no VSA would enable its members to achieve rate increases by jointly deciding to withhold market capacity.[3] However, this is not simply due to the levels of concentration in liner shipping – the very nature of VSAs prevents this. While VSAs allow parties to work together on operational matters, such as exchanging or selling each other's freight space and jointly fixing sailing timetables, they do not contain a mechanism for the parties to agree on commercial matters, such as withholding capacity. Commercial decisions continue to be made by the individual carriers acting independently.

5. No need to limit the Order to five years

5.1 WSC welcomes the Commission's proposal to issue the Order for a fixed term of five years until 8 August 2031, returning to the duration of the Order prior to the Covid-19 pandemic, but respectfully considers that it is not necessary for the Order to be subject to a fixed term. An exemption with no term limit would be preferable for the following reasons:

(i) It would enhance regulatory certainty for liner shipping operators in Hong Kong and improve their ability to share space on each other's vessels through VSAs

[3] Paragraph 52 of the Notice.

on a long-term basis, in particular for VSAs with a term that extends beyond the scheduled expiry of the Order.

(ii) It would avoid the need for repeated Order renewal requests in the future, each of which takes up time and resources at the Commission, liner shipping operators and other market participants.

(iii) In the highly competitive market of shipping ports in Asia, this would ensure greater consistency and improve Hong Kong's competitiveness as most rival jurisdictions do not impose a similar fixed duration for their VSA exemptions.

(iv) Removing the term limit would not restrict the Commission's ability to respond to concerns it identifies, as, in the event the Commission does identify competition concerns with the operation of VSAs (or in relation to the Order more generally), it would remain free to exercise its investigative powers as necessary.

5.2 As such, WSC does not consider that the Order should be limited by duration. Nonetheless, if the Commission maintains that this is required, WSC does not oppose the Commission's proposal to renew the Order for a fixed term of five years until 8 August 2031.

6. No need for market share threshold

6.1 WSC also notes that the Commission has proposed to retain the existing market share limit under which the parties to a VSA may not benefit from the Order if they hold a combined market share of more than 40% (or more than 45% for a period not exceeding two consecutive years).

6.2 WSC remains of the view that it is not necessary for a market share limit to apply to the Order and is not aware of any concrete evidence which would render it necessary to impose a market share limit. Indeed, imposing such a limitation continues not to be the majority view: countries like China, the United States, Japan, South Korea, Taiwan and New Zealand all have VSA exemptions with no market share threshold. Similarly, under the Singapore exemption, VSAs under a 50% combined market share in the relevant market are not required to file their agreements with the CCCS, meaning there is a presumption that they do not have any anti-competitive effects. Unlike Hong Kong, VSAs with over a 50% combined market share still benefit from the block exemption but simply need to be filed with the CCCS.

6.3 As such, WSC does not consider that a market share threshold is necessary or appropriate in the Order. Nonetheless, if the Commission remains of the view that a market share threshold is warranted, WSC does not oppose the Commission's proposal to maintain a market share limit of 40% (or 45% for a period of two consecutive years).

7. Conclusion

7.1 WSC appreciates this opportunity to provide its views on the proposed renewal of the Order, which it fully supports. The renewal of the Order provides legal certainty for the liner shipping industry and helps underpin Hong Kong’s competitiveness as an important port for liner shipping services in Asia through ensuring regulatory consistency with rival ports in the region.