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For Immediate Release

## **Competition Commission renews block exemption order for vessel sharing agreements in liner shipping industry**

The Competition Commission (“Commission”) today announced its decision to renew the block exemption order for vessel sharing agreements (“VSAs”) between liner shipping companies<sup>1</sup> (“Order”) for a further four years. The Order will now remain in place, on the same substantive terms as originally set out in 2017, until 8 August 2026.

VSAs are agreements between shipping lines on certain operational arrangements, covering activities such as exchange of slots on each other’s vessels, coordination of sailing timetables and use of port terminals. The Commission issued the Order in August 2017 in light of its assessment that this category of liner shipping agreement enhances overall economic efficiency. The Order declares that activities usually undertaken pursuant to VSAs are excluded from the application of the First Conduct Rule in the Competition Ordinance (“Ordinance”), subject to certain conditions<sup>2</sup>. The Order is due to expire on 8 August 2022.

Over the past year, the Commission conducted a review of the Order, which comprised an initial consultation, engagement with stakeholders and counterpart competition agencies, as well as collection of data and market intelligence from an independent industry expert. Following the review, the Commission published a proposal to renew the Order in May 2022<sup>3</sup> and sought representations from interested parties in accordance with section 20 of the Ordinance.

The Commission has come to the conclusion that the relevant activities of the VSAs continue to meet the requirements of the efficiency exclusion. It also considers the continuation of the Order to be merited and effective. Accordingly, the Commission has decided to renew the Order for a duration of four years, until 8 August 2026.

While the Order had an initial duration of five years, it is only being renewed for a further four years. This is in light of the continuing impact of the COVID-19 pandemic on the prevailing market conditions which warrants a review of the Order within a shorter time frame. The Commission will commence a review in three years’ time.

To give legal effect to the renewal, the Commission varies the expiry date and the review periods in the Order pursuant to the variation procedure set out in section 20 of the Ordinance. Documents relating to the renewal of the Order, namely an order<sup>4</sup> to vary the Order, the Notice of Variation explaining the reasons for the Commission’s decision, and the renewed Order are published today. They are available in English and Chinese in the block exemption register on the Commission’s website at [www.compcomm.hk](http://www.compcomm.hk).

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<sup>1</sup> The Competition (Block Exemption For Vessel Sharing Agreements) Order 2017.

<sup>2</sup> See press release dated [8 August 2017](#).

<sup>3</sup> See press release dated [5 May 2022](#).

<sup>4</sup> The Competition (Block Exemption For Vessel Sharing Agreements) (Variation) Order 2022.