



World
Shipping
Council

Comments of the
World Shipping Council

Submitted to the
Hong Kong Competition Commission

In the matter of
**Notice of Commission Proposal to Vary (Renew) the
Competition (Block Exemption For Vessel Sharing
Agreements) Order 2017**

1 June 2022

WSC response to Hong Kong Competition Commission's public consultation dated 5 May 2022

The World Shipping Council ("**WSC**"), on behalf of the international liner shipping industry, respectfully submits these comments in response to the Hong Kong Competition Commission's ("**Commission**") notice dated 5 May 2022 ("**Notice**"). WSC strongly supports the Commission's proposed renewal of the Competition (Block Exemption For Vessel Sharing Agreements) Order 2017 ("**Order**") for another four years. In addition to providing the comments below, WSC also supports the additional comments being submitted by the Hong Kong Liner Shipping Association ("**HKLSA**") in response to the Notice.

WSC agrees with the Commission's preliminary conclusions that Vessel Sharing Agreements ("**VSAs**") continue to generate economic efficiencies and consumer benefits in Hong Kong, by allowing shipping lines to offer broader service coverage and higher service frequency and reducing the costs of entry and expansion. Liner shipping companies are the engines of international trade, providing regularly scheduled ocean transportation service at key ports including Hong Kong for essential manufactured goods, consumer products, raw materials, and agricultural commodities worldwide. These services, which connect thousands of ports worldwide, are of vital significance to national economies, importers and exporters, manufacturers, and consumers. Liner shipping services continue to connect Hong Kong's importers and exporters to other markets worldwide. These services and this connectivity have been developed in Hong Kong and worldwide based substantially upon ocean carriers' ability to share space on each other's vessels and coordinate their services through VSAs. As the Commission states in the Notice, the vast majority of liner shipping services calling Hong Kong are provided by VSAs, and renewal of the Order will continue to provide the necessary legal certainty to these critical agreements.

In addition, WSC supports the Commission's finding that the renewal of the Order is important to maintain regulatory consistency with many of Hong Kong's key trading partners, which offer similar competition law exemptions for VSAs. Given the clear pro-competitive benefits of VSAs for carriers and importers and exporters alike, there continues to be overwhelming international support for allowing VSAs including in Australia, Canada, China, the European Union, Israel, Japan, Malaysia, New Zealand, Singapore, South Korea and the US. As liner shipping is by definition an international business, WSC is pleased that the Commission recognizes the importance of the broader regulatory environment for VSAs. A globally consistent regulatory environment will help maintain stability, and Hong Kong's overall connectivity and competitiveness.