



## MEDIA RELEASE

28 October 2024

### CCCS Recommends Five-Year Renewal of the Block Exemption Order for Liner Shipping Agreements

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) has recommended to the Deputy Prime Minister and Minister for Trade and Industry (the “**DPM and Min/T&I**”) to renew the Competition (Block Exemption for Liner Shipping Agreements) Order (the “**LSA BEO**”) <sup>1</sup> for a five-year period from 1 January 2025 to 31 December 2029 as follows:
  - a. Retain the categories of liner shipping agreements (“**LSAs**”) <sup>2</sup> which will benefit from the LSA BEO:
    - i. Vessel sharing agreements <sup>3</sup> (“**VSAs**”) for liner shipping services <sup>4</sup>;
    - ii. Price discussion agreements (“**PDAs**”) for feeder services <sup>5</sup>; and
  - b. Update the scope of the LSA BEO to reflect current industry practice. The order will cover co-operation among liners specifically for the transport of goods between ports only.
2. The recommendation follows CCCS’s assessment that these agreements generate net economic benefit (“**NEB**”) <sup>6</sup> for Singapore.

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<sup>1</sup> The current [LSA BEO](#) will expire on 31 December 2024. Section 34 of the Competition Act 2004 prohibits anti-competitive agreements. However, the Min/T&I can make an order, following the recommendation of CCCS, to exempt certain categories of agreements from section 34. This is known as a “block exemption order”.

<sup>2</sup> Liner shipping agreements are agreements between two or more liner operators, outlining how the parties will co-operate in providing liner shipping services, potentially covering: (a) technical, operational or commercial arrangements; (b) price; (c) remuneration terms.

<sup>3</sup> VSAs are a specific type of liner shipping agreements. These focus on operational arrangements to provide liner shipping services (e.g., alliances) which do not include discussions on prices to customers. Liners, which include both main lines and feeders, compete to sell their allocated capacity in the shared vessel.

<sup>4</sup> Liner shipping services refer to the sea transport of goods on a regular basis between ports. In the current LSA BEO, these services include any inland carriage of goods (e.g., truck or rail haulage) occurring as part of through transport.

<sup>5</sup> PDAs for feeder services allow discussions on prices (e.g., fuel surcharges) among feeders. Feeders provide liner shipping services to main line customers by providing space on their vessels for containers (and cargos) of main lines, usually on regional trade routes between Singapore and ports where main lines do not serve. Main lines operate larger vessels that may not be able to call at smaller ports.

<sup>6</sup> An agreement generates “net economic benefit” if there are significant economic benefits that outweigh the anticompetitive effects, and the anticompetitive restrictions on competition are necessary to achieve the economic benefits and do not substantially eliminate competition.

## Feedback from Public Consultation

3. CCCS received five responses through the public consultation exercise held from 27 May 2024 to 17 June 2024. The feedback received was generally supportive of the recommendation to renew the LSA BEO for five years.
4. The current LSA BEO covers co-operation among liners on liner shipping services, including inland carriage of goods (e.g., truck or rail haulage) as part of through transport. CCCS had earlier received feedback from freight forwarders<sup>7</sup> on the possible unlevel playing field between the liners which have competition law immunity with respect to inland carriage, and the freight forwarders which do not. Public feedback indicated no clear evidence of current or impending usage of LSAs involving the inland carriage of goods occurring as part of through transport.

## CCCS's Recommendation to the Minister

5. CCCS has carefully evaluated the current state and future of the liner shipping industry. Its recommendation considered market trends and developments in the liner shipping industry, international regulations, public feedback, and Singapore's upcoming maritime developments, including decarbonisation and the new Tuas Port. CCCS assessed that the following LSAs will generate NEB for Singapore:
  - a. **VSAs for liner shipping services** improve the global connectivity of Singapore's port and support its status as a transshipment hub. VSAs also enhance competition among liners by lowering entry barriers for smaller liners to provide services on trade routes and at frequencies that they would otherwise not be able to provide on their own due to lack of scale. VSAs also bring about environmental benefits by enabling liners to share, utilise and deploy larger vessels.
  - b. **PDA for feeder services** remain relevant to some feeders operating in Singapore. Being able to participate in such PDAs attracts feeders to base their headquarters and operations in Singapore, and to connect their services through the country. Feeders, in turn, attract and anchor main lines to Singapore, thus expanding Singapore's shipping network to support its status as a transshipment hub. Anti-competitive effects arising from PDAs appear to be limited, as customers of feeders are likely to possess bargaining power.
6. On balance, CCCS assessed that a duration of five years would adequately balance the needs of the industry for legal certainty in view of Singapore's upcoming maritime developments and allow CCCS to undertake timely assessment of the LSA BEO to respond to any change in the industry.
7. Further, CCCS recommends updating the scope of the LSA BEO to cover only co-operation among liners for transporting goods between ports to reflect the current industry practice. Should co-operation on inland carriage of goods become prevalent in the future and proves beneficial for Singapore, CCCS will consider

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<sup>7</sup> Freight forwarders compete with liners, as the former also provide end-to-end supply chain solutions to their customers but they procure liner shipping services from liners.

appropriate regulatory measures. These measures would aim to facilitate co-operation while ensuring a level playing field for all relevant providers (including freight forwarders). To facilitate this transition, CCCS recommends a provision in the LSA BEO to allow any current LSAs involving inland carriage of goods to benefit from the LSA BEO for one year (i.e., 1 January to 31 December 2025).

8. Further information on CCCS's recommendation, including a summary of feedback received from the public consultation, can be found in the **Annex**.

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## **About the Competition and Consumer Commission of Singapore**

The Competition and Consumer Commission of Singapore (“**CCCS**”) is a statutory board of the Ministry of Trade and Industry. CCCS administers and enforces the Competition Act 2004 which empowers CCCS to investigate and adjudicate anti-competitive activities, issue directions to stop and/or prevent anti-competitive activities and impose financial penalties. CCCS is also the administering agency for the Consumer Protection (Fair Trading) Act 2003 or CPFTA which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for businesses and consumers in Singapore.

For more information, please visit [www.cccs.gov.sg](http://www.cccs.gov.sg).

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