

7 August 2025

Notice of initial consultation regarding the second review of the Competition (Block Exemption for Vessel Sharing Agreements) Order 2017 (as varied)

Background

On 8 August 2017, the Competition Commission (“**Commission**”) issued the Competition (Block Exemption For Vessel Sharing Agreements) Order 2017 (“**Order**”).

The Order declares that certain activities of vessel sharing agreements (“**VSAs**”)¹ between liner shipping companies are excluded agreements for the purposes of section 15 of the Competition Ordinance (Cap. 619) (“**Ordinance**”),² which means that the first conduct rule in section 6 of the Ordinance does not apply to such activities.

The Order was originally due to expire on 8 August 2022. On 7 July 2022, following a detailed review, the Commission issued the Competition (Block Exemption for Vessel Sharing Agreements) (Variation) Order 2022 (“**2022 Variation Order**”).³ The effect of the 2022 Variation Order was to extend the Order for a further four-year period.

¹ Under the Order, “vessel sharing agreement” is defined to mean 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.

² The relevant activities referred to in the Order are as follows:

- (a) the joint operation of liner shipping services including any of the following activities: (i) the coordination and/or joint fixing of sailing timetables and the determination of ports of call; (ii) the exchange, sale or cross-chartering of space or slots on vessels; (iii) the pooling of vessels and/or port installations; (iv) the use of one or more joint operations offices; (v) the provision of containers, chassis and other equipment and/or the rental, leasing or purchase contracts for such equipment;
- (b) capacity adjustments in response to fluctuations in supply and demand, which may be necessary for the operation of a joint service;
- (c) the joint operation or use of port terminals and related services; and
- (d) any other activity ancillary to those referred to in (a), (b) or (c) above and which is necessary for their implementation.

³ The basis of the decision to renew is set out in the Decision to Vary (Renew) the Competition (Block Exemption for Vessel Sharing Agreements) Order 2017: Notice of Variation dated 7 July 2022 (“**2022 Notice of Variation**”), available [here](#).

The Order, including an accompanying Guidance Note regarding its terms, the 2022 Variation Order and other reference materials, are available on the Block Exemption Orders Register on the Commission's website: [here](#).

Review of the Order

The Order (as varied by the 2022 Variation Order) is due to expire on 8 August 2026. It specifies that the Commission shall commence a review of the Order no later than 8 August 2025 ("**Review**").

The Review will inform the Commission's decision on whether to renew the Order, renew the Order subject to amendments or let the Order expire. In making that decision, the Commission will consider, among other things, whether the basis on which the Order was issued remains satisfied (i.e., that VSAs within the scope of the Order give rise to efficiencies such that they satisfy the efficiency exclusion in section 1 of Schedule 1 to the Ordinance). During the Review, the Commission will focus upon any developments since the issuance of the 2022 Variation Order.

Initial consultation stage of the Review

Public consultation will form an important part of the Review. By the present notice, the Commission invites interested parties to provide information, views and evidence in an initial consultation, which will assist the Commission in formulating a proposal on the future of the Order.

Interested parties are requested to address the items below and provide available supporting evidence where possible.

Parties should send their written responses to the Commission by email at (applications@compcomm.hk). The Commission's case number (BE/0004) should be quoted in the subject line of the email. This consultation will close at **6 p.m. on 7 November 2025**.

Market developments

- (1) What have been the major developments in the liner shipping industry since the issuance of the 2022 Variation Order, for example, with regard to general market conditions, prices, service levels, the state of competition and the level of cooperation among shipping lines?

- (2) What have been the impacts of global developments, e.g., recovery from the Covid-19 pandemic, port congestion, inflation, increased tariffs, etc., on the liner shipping industry? To what extent are these impacts (if any) expected to endure?
- (3) To the extent not already addressed in (1) and (2) above, have there been any notable developments since the 2022 Variation Order that have taken place in Hong Kong or any place outside Hong Kong that affect VSAs?
- (4) Looking at the developments since the 2022 Variation Order, how has the Order influenced (if at all) the ability of small- and medium-sized carriers to compete effectively with large carriers? For instance, have there been any changes in terms of market access for small- and medium-sized carriers, their operational or cost efficiencies gained or challenges faced in competing with larger carriers?

Market share limit

- (5) Have there been any changes in the market that impact the appropriateness of the market share limit since the 2022 Variation Order?
- (6) In the context of intra-regional trades (for example, the intra-Asia trade), have there been any changes which suggest the market share limit should be applied by reference to a particular point-to-point route on the trade instead of by reference to the trade as a whole?⁴

Competition concerns and efficiencies

- (7) Have there been any changes with respect to the competition concerns to which VSAs may give rise since the 2022 Variation Order? In this respect, the Commission previously found that VSAs could potentially give rise to:
 - (a) reductions in service variety;
 - (b) capacity restrictions (where parties to the VSA had market power); and

⁴ See further the Guidance Note accompanying the Order, available [here](#), paragraphs 20 to 21. See also paragraphs 82 to 88 of the 2022 Notice of Variation.

- (c) sharing of competitively sensitive information.⁵
- (8) Have there been any changes with respect to the economic efficiencies and resulting benefits to consumers in Hong Kong to which VSAs may give rise since the 2022 Variation Order? In this respect, the Commission previously found that VSAs could give rise to:
- (a) broader service coverage and higher service frequency than if shipping lines were operating alone;
 - (b) cost efficiencies for shipping lines through use of larger vessels; and
 - (c) decreased costs of entry and expansion for shipping lines on particular trade routes.⁶

Regulatory developments in other jurisdictions

- (9) Between 2023 and 2024, the European Commission⁷ and the UK Competition and Markets Authority (“CMA”)⁸ allowed their respective Consortia Block Exemption Regulations (“CBERs”), which also covered VSAs, to expire.
- (a) Does the expiry of the CBERs have any impact on the effectiveness of the Order? For example, because of the expiry of the CBERs, companies that previously relied on the application of both the CBERs and the Order (i.e., on the Asia/Europe trade) are no-longer able to do so and are required to self-assess regardless of the continued application of the Order; and

⁵ For further details of these competition concerns, see the Statement of Reasons issued by the Commission with the Order, available [here](#) (“**Statement of Reasons**”), paragraphs 4.7 to 4.13. See also paragraphs 62 to 66 of the 2022 Notice of Variation.

⁶ For further details of these efficiencies, see Statement of Reasons, paragraphs 4.22 to 4.55. See also paragraphs 67 to 73 of the 2022 Notice of Variation.

⁷ For further details of the European Commission’s decision not to extend their CBER, see their press release of 20 October 2023, “*Commission decides not to extend antitrust block exemption for liner shipping consortia*”, available [here](#). This includes the statement that:

“Given the small number and profile of consortia falling within the scope of the CBER, the CBER brings limited compliance cost savings to carriers and plays a secondary role in carriers’ decision to cooperate. Furthermore, over the evaluation period, the CBER was no longer enabling smaller carriers to cooperate among each other and offer alternative services in competition with larger carriers.”

⁸ For further details of the CMA’s decision not to recommend replacement of their CBER, see their final report of 9 February 2024, available [here](#).

- (b) Are any of the factors that resulted in the European Commission's or the CMA's respective decisions not to renew their CBERs relevant to the Commission's consideration of the renewal of the Order?
- (10) Have there been regulatory developments in other jurisdictions, such as block exemptions being created, renewed or left to expire, that are relevant to the Commission's review?

Effectiveness of the Order

- (11) Does the Order continue to be merited and effective? In your response, please address:
 - (a) the desirability of maintaining a stable and predictable regulatory environment in relation to competition for liner shipping; and
 - (b) the likely effects if the Order were allowed to expire.
- (12) Have there been any material changes in the forms or terms of VSAs since the 2022 Variation Order?⁹

Other matters

- (13) Please provide any further information, views or evidence that you consider may assist the Commission in formulating a proposal on the future of the Order.

Subsequent stages of the Review

After considering the information, views and evidence collected from this initial consultation, the Commission will publish a proposal on whether to renew the Order, renew the Order subject to amendments or let the Order expire on 8 August 2026.

The Commission will then seek representations on the proposal and make a final decision on the future of the Order prior to 8 August 2026.

⁹ For further details on the forms and terms of VSAs at the time of the Order, see Statement of Reasons, paragraphs 2.27 to 2.30. See also paragraphs 25 to 27 of the 2022 Notice of Variation.