

Dear Clients & Friends

Competition Commission of Singapore Reviews Block Exemption Order for Liner Shipping Agreements

On 19 January 2010, the Competition Commission of Singapore (the “**CCS**”) announced that the CCS is reviewing the necessity of continuing the Competition (Block Exemption for Liner Shipping Agreements) Order 2006 (the “**BEO**”) after its expiry on 31 December 2010. The BEO was gazetted on 14 July 2006 and deemed to take effect retrospectively from 1 January 2006 until 31 December 2010.

What is the BEO?

Essentially, the BEO exempts a category of liner shipping agreements from the prohibition under section 34 of the Competition Act (the “**Act**”), provided that certain conditions and obligations are fulfilled, such as allowing member liner operators to offer their own service arrangements on a confidential basis. Section 34 of the Act prohibits agreements, decisions and practices which have as their object or effect the prevention, restriction or distortion of competition within Singapore unless they are exempt under the Act.

The BEO permits a wide range of liner activities including agreement between the liner operators on detailed capacity decisions and prices subject to certain conditions. In line with the CCS’ general regulatory approach to focus on competitive effects rather than the form of the agreement, there is only one comprehensive BEO for all liner shipping agreements. The CCS review of the BEO comes after the repeal of the European Commission Block Exemption for liner shipping conferences in 2006 and the adoption of a new European Commission Block Exemption Regulation for liner shipping consortia in 2009.

Our Head of Competition & Antitrust Practice, Daren Shiau, observes that the review of the BEO is likely to have implications on the high liner traffic which operates through Singapore. In particular, liners operating on routes between Singapore and other parts of Asia which have not been subject to stringent competition rules to-date should watch out for any changes to the compliance requirements arising from the review of the BEO.

CCS will consult key stakeholders and commission consultants

As part of the current review, the CCS will gather information from key stakeholders and engage consultants. One of the key tasks for the consultant will be to conduct an empirical study on the impact of the BEO on Singapore’s economy, and make recommendations to the CCS on whether the BEO should continue and if it should be revised.

Our Deputy Director of Competition Economics, Elsa Chen, observes that the current BEO recognises the technical efficiencies which liner agreements bring about. The CCS in its review may need to take into consideration that sufficient competitive pressure is maintained between competing liners and liner alliances under the structure of the BEO, and the continued relevance of the BEO to the economic progress of Singapore as a transshipment hub.

According to the CCS, a public consultation may be held, if necessary, to provide stakeholders with the opportunity to comment on any proposed changes. It is expected that the tender for the consultancy study will be made available in January or February 2010 on GeBIZ, the Singapore Government’s electronic procurement portal.

Reference material

More information is available on the CCS website (www.ccs.gov.sg), please [click here](#) to view.

Further information

Should you have any queries as to how this may affect your business, please do not hesitate to get in touch with your usual contact at Allen & Gledhill LLP or the following:

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