



20 December 2018

## Shipping Industry Urges European Commission to Extend the Consortia Block Exemption Regulation

Four trade associations representing the international liner shipping industry today submitted comments to the European Commission supporting extension of the EU consortia block exemption regulation (“BER”) for an additional five years beyond its current 2020 expiration date.

The papers were submitted in the public consultation being held by the Commission’s Directorate-General for Competition (DG COMP) by the World Shipping Council (WSC), the European Community Shipowners’ Associations (ECSA), the International Chamber of Shipping (ICS), and the Asian Shipowners’ Association (ASA). The industry comments address a wide range of legal and economic issues, but emphasize several key points:

1. Vessel sharing arrangements are a fundamental part of the structure of the global liner shipping transportation network.
2. The consortia BER has since 1995 provided transparent and practical legal guidance to vessel sharing arrangements for international liner shipping services operating from and to EU ports.
3. Despite recent mergers in the liner industry, the industry remains unconcentrated and highly competitive, with freight rates at half of their levels twenty years ago.
4. In addition to supporting operational efficiency and broader service offerings, the BER helps carriers reduce air emissions and greenhouse gases through higher utilization of vessel space.

John Butler, President and CEO of the World Shipping Council, summarized the industry’s position this way: “The bottom line is that the BER has worked very well for almost 25 years. It sets out clear rules that can be practically applied without the need for extensive legal analysis. This means that carriers can focus on seeking the most efficient transportation solutions without the cost and delay associated with legal self-assessment for these routine operational arrangements.”

Martin Dorsman, Secretary General of ECSA, noted recent developments in the industry, but also observed that the BER remains fit for purpose: “A lot has changed in our industry in the past five years, but the fact is that there is still fierce competition among carriers. The purely operational agreements covered by the BER foster competition by lowering barriers to entry and enabling carriers to compete on more routes.”

Guy Platten, Secretary General of ICS, commented on the relationship between the BER and the ambitious greenhouse gas reduction targets established by the International Maritime Organization and supported by the EU: “A factor that is new in this review of the BER is the fact that the IMO has now set

concrete goals for greenhouse gas emissions reductions for the international shipping industry. We will need to use every available tool to increase efficiency, and the BER supports vessel sharing that is a key tool for the liner sector to reduce its fuel burn and therefore reduce its emissions.”

Captain Ang Chin Eng, Secretary General of the Asian Shipowners’ Association, urged the Commission to maintain the BER as an important basis for international legal uniformity: “Many Asian economies/countries have legal regimes that treat liner shipping consortia in the same competitive manner as the EU. It is in the interest of international trade that policies and laws are aligned globally at both ends of the trade route which will provide clear guidance for international shipping.”

The full text of the industry comments, including the supporting economic analysis completed by RBB Economics is available at: [http://www.worldshipping.org/public-statements/regulatory-comments/WSC-ECSA-ICS-ASA\\_Submission\\_on\\_Consortia\\_BER\\_-20\\_Dec\\_2018- FINAL.pdf](http://www.worldshipping.org/public-statements/regulatory-comments/WSC-ECSA-ICS-ASA_Submission_on_Consortia_BER_-20_Dec_2018- FINAL.pdf)

#### **About ASA:**

The Asian Shipowners’ Association (ASA) is a voluntary organisation of the national shipowner associations from Australia, China, Chinese Taipei, Hong Kong, India, Japan, Korea and the Federation of ASEAN Shipowners’ Associations (FASA), consisting of Brunei, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. The aim of the ASA is to promote the interests of Asian shipping. Collectively, the ASA membership is estimated to control and operate over 40% of the world merchant fleet.

#### **About ECSA:**

The European Community Shipowners’ Association (ECSA) is the number one voice of the European shipping industry. Founded in 1965, it represents the interests of 21 member associations of the EU and Norway. ECSA strives to promote a regulatory environment that fosters the international competitiveness of European Shipping.

#### **About ICS:**

The International Chamber of Shipping (ICS) is the international trade association for shipowners and operators, concerned with all technical, legal, employment affairs and policy issues that may affect international shipping. ICS membership comprises national shipowners' associations in Asia, Europe and the Americas, whose member shipping companies operate over 80% of the world's merchant tonnage.

#### **About WSC:**

The World Shipping Council (WSC) is a non-profit trade association with offices in Brussels, Singapore and Washington, D.C. representing the interests of the international liner shipping industry in public policy and regulatory matters. The WSC’s global membership accounts for more than ninety percent of global liner shipping capacity. Member companies transport annually more than 40 million TEU of EU export and import cargo, roughly EUR 1.41 trillion worth of goods.

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