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The Chairman
Ports Regulator
Private Bag X54322
Durban
4000

31 May 2013

Dear Sir

Re: Submission

The Atlas Group has served the Automotive Industry in the area of logistics for the past decade. Accordingly, we consider ourselves qualified to submit our comments and observations regarding the National Ports Authority's current initiatives and their impact on the logistics of port users in general.

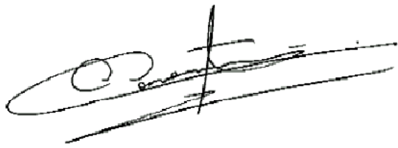
Transnet is unquestionably the central logistics service provider in South Africa. We have had extensive interaction with them at all levels over the past 6 years and have made concerted efforts to engage in discussions. We notice there has been a remarkable change of attitude towards cargo owners, most noticeably the interest shown towards the automotive sector. Compared to "old attitudes", over the last two years we are pleased to notice real interest regarding the wellbeing of the private sector where almost all issues are being addressed, the emphasis on encouraging exports and culminating in the multi-year approach for setting tariffs. We embrace the Authority's transparency in areas of port pricing and welcome the new openness and accessibility of senior management.

In the attached submission we set out issues that still need to be addressed and in particular the Industry's and our repeated calls for a reduction of tariffs that year after year (in the past) were totally ignored. With the new approach we are encouraged to note the Authority has acknowledged that previous tariffs for automotive were excessive because they were *"intrinsically influenced by commodity values of 10 years ago"*. The old approach caused long suffering and even loss of export contracts that surely must now be addressed with some form of

reparation for the inappropriate overcharges of the past that, as we show in our submission, amount to ±R1bn.

We trust that with the new approach, our suggestions and amendments will be viewed not only sympathetically, but our logical requests that follow will now also be addressed adequately. We wish to encourage and promote further engagement with both the Regulator and the Authority on all of the above.

Yours faithfully,



Costas Couremetis
C.E.O.

Submission

by

Atlas Holdings (Pty) Ltd

to

The Ports Regulator

31st May 2013

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1. Introduction

Atlas Holdings Pty Ltd ("**Atlas**") hereby submits in terms of the process defined by The Ports Regulator of South Africa ("**The Regulator**") regarding the National Port Authority's Proposed Tariff Methodology ("**PTM**") and Proposed Pricing Strategy ("**PPS**").

We unpack and analyse both the PTM and PPS as submitted to The Regulator, both of which we support in principle, but nonetheless with a few suggestions and amendments as set out below. Most fundamental is NPA's proposal to correct tariff anomalies and revise the tariff book. If adequately applied this will go a long way towards correcting inequalities amongst port users albeit that the past unfair contributions still remain to be addressed.

We have unpacked and analysed both the PTM and PPS to reflect our interpretation and understanding whilst setting out our views, suggestions and proposed issues for implementation by The Regulator.

2. Submission

2.1 Proposed Tariff Methodology ("PTM")

It is relevant to mention that a sound Methodology as commented below will result in a sustainable Revenue Requirement.

2.1.1 The Regulatory Asset Base (RAB) - Valuation of Assets Leased Internally

The Authority has taken the view that "*The starting RAB for the Real Estate business comprising of assets rented out to external parties and Transnet divisions (TPT) should be valued as Investment Property in terms of IAS 40*." Subsequently, and in response to further information requested by Atlas, NPA have elaborated that "*As part of the tariff methodology proposal for regulatory accounts, the Authority proposes that assets leased out to divisions of Transnet be <u>fairly valued</u> in accordance with IAS 40.*"

We accept that assets leased to Terminal Operators within the group be treated as Investment Assets, but we disagree with the method of valuation. IAS 40[1] permits either Fair Value or Cost Method in determining value. We argue that, in theory, a National Port could be established anywhere, and this would result in the Fair Value of surrounding properties *automatically increasing because of the port*. Fair Value is therefore not an appropriate reflection of the cost to replace such an asset and should therefore not be used to determine Revenue Required. We propose that valuations, preferably using external parties, must be done using the **Cost Method** (in terms of IAS 40) to establish appropriate replacement values for these assets. It is our view that this will be more in line with the true cost to replace these assets and would result in a lower Revenue Required.

2.1.2 Debt/Equity Ratio

NPA propose using a Debt/Equity ratio of 36% in the Weighted Average Cost of Capital ("WACC") calculation. NPA justify this on the basis that it is the Authority's weighted average ratio at year end. When questioned on this, NPA responded that they are "*unable to observe optimal capital structures directly*" because Transnet adjusts their Debt/Equity to 45% at the end of each financial year[2]. Furthermore, NPA proposed that a "*pragmatic solution to this problem could be to assume that the Authority's historical average gearing is reflective of its capital structure*". We argue that best practice requires that WACC be calculated using an entity's long-term target ratio as opposed to historical averages because WACC should be calculated "in perpetuity". Using short-term (Current) or Historical

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[1] A recognized standard for Investment Property

[2] Transnet maintain gearing below 50% to avoid breaching loan conditions. A 5% buffer is used and hence 45% is the target.

ratios will skew the medium to long-term Revenue Required. Since the Authority has its Debt/Equity ratio reset annually by Transnet policy, the problem is simplified and the targeted 45% should be used.

Under current economic conditions, debt is cheaper than equity and a 45% gearing will lower WACC and consequently Revenue Required. We accept that this may change under different economic conditions, nevertheless we maintain that using the long-term target Debt/Equity ratio is the most appropriate to determine the Authority's WACC.

2.1.3 Finance Factor

The purpose of the Finance Factor ("F-Factor"), according to NPA, is "..... to borrow money from port users to finance port activities should the allowable revenue (i.e. Revenue Requirement model) determined by the Ports Regulator be insufficient to meet the Authority's debt obligations projected".

Since any finance requirement will fall on Transnet and NOT the NPA, we argue that the F-Factor is effectively a mechanism to assist Transnet. Since Transnet is not a service provider to port users, we see no reason why they should contribute to a loan mechanism. Furthermore, the F-Factor is effectively a loan paid by port users at the Authority's WACC. WACC is likely to always be at a premium to Transnet's open market borrowing.

The net effect of the F-Factor would therefore be higher tariffs. This will have a negative impact on the cash-flow of all port users who should be under no obligation to pre-Finance Transnet for potential shortfalls in future.

By removing the unnecessary Finance Factor, the Revenue Required from Port Users will decrease. This will result in promoting efficiencies as the only way to achieve targeted revenues.

2.1.4 Rental Increases Passed on by Terminal Operators

NPA propose increasing the allocation of Revenue Required from tenants to 33% (3.01bn) from 19% (1.70bn). Addressing cargo owners concerns on this large increase and the question that Terminal Operators (as Tenants) would then surely pass the rental increase on to Cargo Owners, NPA's response to questions from cargo owners has been that "*relatively minor improvements (<10%) in terminal handling productivity/turnaround times would allow them to handle incremental volumes generating incremental revenues that will offset the increase in rent without an increase in THCs*". Furthermore, NPA acknowledged that Terminal Operators *"will attempt to recover the increase in rent through higher THC's charged to their customers"*,[3] especially during the early stages of the Pricing Strategy implementation.

We recall at the Johannesburg Roadshow, in the presence of The Regulator, that NPA acknowledged they will ensure Terminal Operators will be limited to increasing their tariffs by a maximum of **CPI +3%** for the period under review. Furthermore, NPA's written response to questions confirms that *"NPA is empowered to cap excessive increases in THCs"* under the new lease management regime (also under the PPS). We welcome this as it will ensure that the NPA rental increase cannot simply be passed on to cargo owners.

NPA has given assurance that they will monitor the developments carefully and implement a mechanism to *"ensure that tenants are prevented from passing the entire 100% tariff increase received from Transnet Port Terminal to cargo owners due to the proposed new tariff allocation"*.

We request The Regulator to ensure that the Authority **commits in writing** exactly how they will encourage or incentivise Terminal Operators to **improve efficiencies** as well as how this will be **monitored and measured transparently**. Instances where improved efficiencies will be unlikely to off-set increased rentals should be

[3] NPA's Response to Q&A-PPS Page 8

identified. NPA should also establish clear channels for Cargo Owners to object and NPA should ensure they have power to intervene should cases arise where excessive rental pass-on is attempted. NPA should publish maximum increase thresholds that Terminal Operators will be obliged to adhere to for the full 5 year duration of the PPS.

2.1.5 Clawback

NPA recover *fixed rental income* defined by lease agreements with Tenants, therefore Revenue Recovered from tenants will not result in an over or under-recovery. Any Clawback for over or under-recovery should therefore only apply to Shipping Lines and Cargo Owners.

2.1.6 Port Efficiency & Improvements

NPA as a parastatal has the challenge of providing Port infrastructure and services at globally competitive prices, but it has no direct competitors that would provide pressure to continually improve efficiencies. Their internal budgeting process and the PTM and PPS alone will not drive efficiency. Accordingly NPA must consider Global comparators and engage with industry to understand these fully. We therefore propose that an independent study, endorsed by all stakeholders be undertaken in conjunction with Transnet Operations Performance Systems ("TOPS") which will result in the definition of best practices and relevant Targets & KPIs in the context of the SA Ports environment.

We propose that the outcome of such a study then be brought into the PTM and PPS to determine the impact that over/under achievement of efficiencies should have on future tariff adjustments. Adopting such an approach will ensure continuous improvement in efficiencies and therefore increase the competitiveness of SA Ports. We welcome The Regulators direction in this regard.

In addition may we request The Regulator consider the fact that certain constraints can be dealt with by utilising spare capacity at other ports (i.e. PE). We have dealt with the rationale of this approach further below in the submission.

2.2 Proposed Pricing Strategy ("PPS")

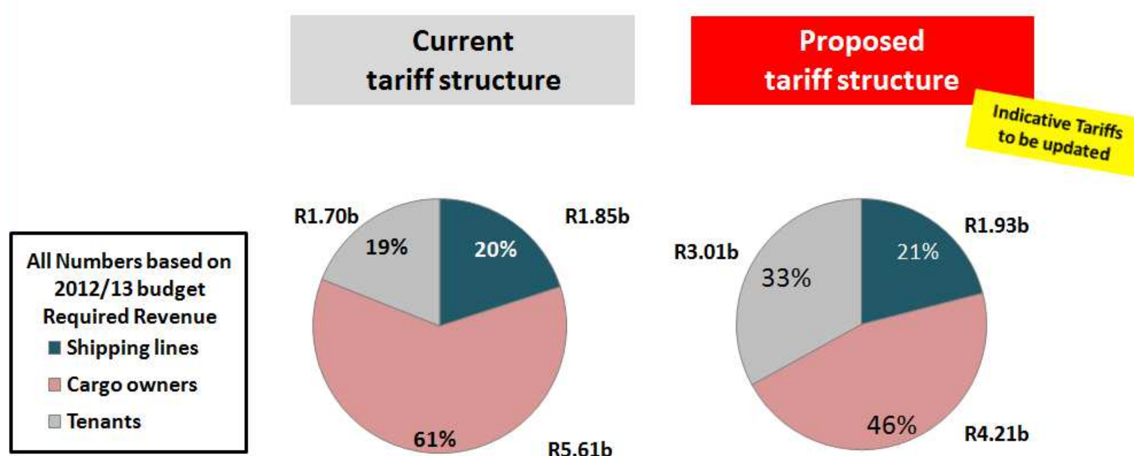
Correct Port pricing for all port users and in especially the automotive industry is crucial to the long term sustainability. Imported parts and components are links in the manufacturing chain and form a crucial element to enable completion of globally competitive products.

2.2.1 Source of Our Information

For the purpose of clarity and in order to avoid any inconsistencies or confusion we have used information supplied by NPA and The Regulator. We accept that these are indicative numbers only and have commented where appropriate.

2.2.2 Allocation of Revenue Required

The Authority state that **R9.1bn** must be recovered from Port Users according to the Required Revenue Formula (Page 24 of the PPS) and that **R4.21bn** (**46%**) must be allocated to Cargo Owners (Page 13 of PPS).



NPA has proposed increasing revenue allocation from shipping lines by only 1% (20% to 21%)! However, taking into account response by NPA to questions from Cargo Owners, we quote the following "*….to shift a portion of the 46% of Required Revenue from cargo owners to shipping lines would indeed be better aligned with the user pays principle. In our proposal, cargo owners will pay for the common infrastructure. Further, the shipping lines should pay for the wet infrastructure as its direct users………NPA considered this specific option when developing the proposed Pricing Strategy.* ***However, we decided against it*** *for a very important reason: this would significantly reduce the attractiveness of South African ports to Shipping Lines and have negative knock-on effects to the broader South African economy".*

We note from The Regulators GPPCS[4] :-

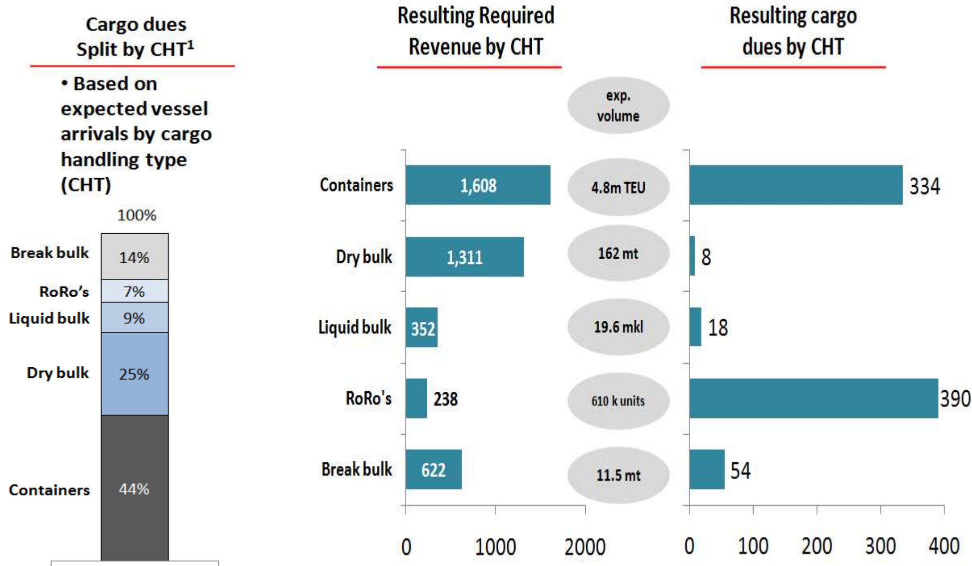
"All vessels face much lower overall costs in RSA ports than the averages in the study, ranging from 26% below the global norm in the case of containers and 57% for iron ore vessels. This must be seen in a context where all vessels are foreign owned and operated. The incidence of the tariff clearly indicates that foreign users of the ports are not contributing to the overall infrastructure costs in a similar manner than they do in the global average".

NPA's proposal to increase the allocation to shipping lines by 1% should be analysed. On what basis was 1% considered as adequate and equitable in increasing the revenue from shipping lines without compromising the competitiveness of SA Ports? Therefore we challenge the marginal increase of 1% and request that The Regulator

[4] Pg 4, Global Ports Pricing Comparator Study, Ports Regulator www.portsregulator.org

reviews this allocation. Should The Regulator deem it fit to increase this, by logical deduction an equivalent reduction would then apply to cargo owners.

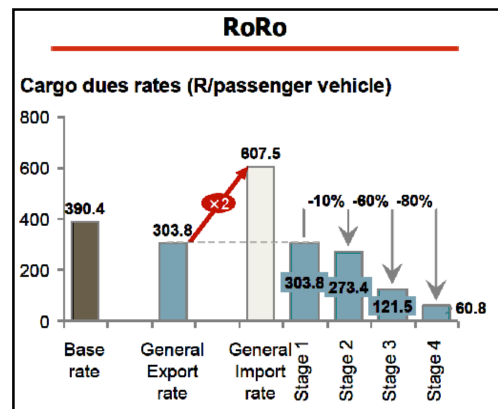
The figures on Page 19 of the PPS set out the Cargo Dues split by Cargo Handling Type ("CHT"). Upon request, NPA have confirmed that these are based on **historical** and **not projected** data. Also shown is the proposed breakdown of Required Revenue, Projected Volumes and the resulting Cargo Dues Base Rate for each CHT.



NPA have indicated that the above will require periodic review for any material variation and an adjustment will be made every 5 years. We note that the *Cargo Dues split by CHT* illustrates the very significant contribution made to revenue by containers (44% of total).

2.2.3 Unpacking the RoRo Tariff Structure

The PPS clearly shows the reduction in revenue required from Cargo Owners (61% to 46%). Accordingly the resultant Required Revenue from RoRo of R238m after the Beneficiation Promotion Progamme ("BPP") (R294.7m before BPP). This is based on historic vessel arrivals (7%). In turn this translates into a base rate of R390 per unit, once again using a volume of 610 000 units as per Transnet's seven-year volume plan. In addition, tariffs are based on a ratio of 1:2 exports:imports. Furthermore, exports receive an additional 80% discount (BPP) in terms of Department of Trade & Industry's ("**DTi**") directive for stage 4 goods.



The Proposed Tariff Structure is calculated as follows:

PRE-BPP

	Export	**Import**	**Total**
Proposed Tariff	R303.75	R607.50	Base = **R483.11**
Volume Ratio	40%	60%	
Volume	242 500	367 500	610 000
TNPA Recovery	R75.9m	R218.8m	**R294.7m**

POST-BPP

	Export	Import	Total
Proposed Tariff	R303.75	R607.50	Base = **R390.16**
Proposed Tariff after BPP	R60.75	R607.50	
Volume Ratio	40%	60%	
Volume	242 500	367 500	610 000
TNPA Recovery	R14.7m	R223.3m	**R238m**

NPA's figures above imply the following:

BPP Benefit on Exports = R76m – R15m = ±R61m

Resultant Required Revenue = R238m (Given) with BPP being subsidised by other CHTs (Un-Beneficiated Exports)

Export:Import Tariff Ratio = 1:2 before BPP & 1:10 after BPP

As the BPP enjoys the full support of the DTi, cross subsidisation by un-beneficiated exports appears to be the best way forward to encourage beneficiation and job creation.

2.3 Addressing the Legacy of Overcharging the Automotive Sector

NPA acknowledges that Cargo Dues are "still intrinsically influenced by commodity values from 10 years ago". Therefore, as quoted by NPA, this sector has been "*burdened with high tariffs, unrelated to the way infrastructure is actually used*". We urge the Ports Regulator to take into account this unfair overcharge incurred over such a long period because it has been persistently detrimental to our industry. The old methodology resulted in gross over charging for the past decade (estimated ±R1bn). Sadly this resulted in substantial losses in exports, and stunted both job creation and growth.

During 2009 NPA removed the "veil of secrecy" that surrounded individual contracts negotiated individually behind closed doors and introduced the Volume Discount Scale ("VDS") in the same year. However, a subsequent

debilitating factor has been the unilateral decision to increase the threshold levels for maximum discount scale unrealistically; Year 1: from 50k to 65k (30%); Year 2: 65k to 80k (23%) and finally under some pressure froze these in the last 2 years. The double-digit increases took place at a time when the industry experienced single digit growth.

Finally the Authority acknowledges the inequalities in tariffs amongst cargo owners in the PPS resulting in a substantial reduction for some, balanced by way of a relative increase for others. The significant premium that has been "levied" on RoRo's and Containers (710% & 721% respectively)[5] above the global average has "funded" the systematic under-charging of un-beneficiated bulk exports (now fully acknowledged by NPA). The future is addressed with the PPS, however it fails to address the past. The continuous frustration of the overcharged clients mentioned above was voiced consistently to the Authority, especially the Automotive Industry, but their pleas were totally ignored. We consider it appropriate that The Regulator take serious note of the need to bring the errors of the past into equilibrium by future compensation. We have elaborated on this further below.

PPS proposes a 65% reduction in tariffs (±R1700 reduced to R607) on all imports, irrespective of volumes. This addresses only the over payment of a small portion of RoRo cargo owners, but fails to address the largest contribution made by high volume users. The tables below show the extent of the over-payment.

[5]Pg 6, Global Ports Pricing Comparator Study, Ports Regulator www.portsregulator.org

To illustrate:- RoRo over-charge estimate over the last 5 years

	FY 09/10		FY 10/11		FY 11/12		FY 12/13		FY 13/14	
	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import
Volume	175 000	209 000	239 000	275 000	272 000	330 000	278 000	381 000	350 000	400 000
Tariff	R91.84	R183.68	R95.90	R191.80	R100.21	R200.41	R102.98	R205.94	R81.25	R205.94
Recovery was:	R72m	R173m	R104m	R238m	R123m	R298m	R129m	R354m	R128m	R372m
	R245m		R342m		R421m		R483m		R500m	
	R1 991m									

	FY 09/10		FY 10/11		FY 11/12		FY 12/13		FY 13/14	
Base Rate Pre-BPP = R483.11 Discounted @ 5% yearly	R378.53		R397.46		R417.33		R438.20		R460.10	
According to User Pays Recovery should have been:	R66m	R79m	R95m	R109m	R114m	R138m	R122m	R167m	R161m	R184m
	R145m		R204m		R252m		R289m		R345m	
	R1 235m									

	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Over Charge	R100m	R138m	R169m	R194m	R155m
	R756m				

Assumptions: Average Vehicle Length = 4.1m & Average Volume Discount = 45%

2.3.1 Solution

The Regulator is hereby requested to apply methods to compensate overpayments by assessing the proposals below.

2.3.2 Proposed Volume Discounts

Port users with the largest volume throughput have contributed the most to revenue throughout this period of over-charging (last 10 years). We are therefore of the opinion the Volume Discount scale should continue to play a significant role in order to provide relief to the highest contributors to overpayments. In addition, we propose the inclusion of a benefit to RoRo Cargo Owners with qualifying B-BBEE Credentials, thus promoting transformation in a sector that would welcome it. We recommend that the scale be simplified with an increase in the minimum threshold for discount and fewer volume levels for easier implementation and more accurate recovery. It must be pointed out that Low Volume port users will still benefit through a 60% reduction in tariff compared to current charges.

In quoting The Regulator's[6] "*The cargo dues faced by cargo owners are 50% and 10% below the global norm for coal and iron ore respectively*". Recovery of the proposed discount structure should be fairly implemented by what would amount to a small contribution from the un-beneficiated exports which would be easily absorbed with a minor adjustment to future tariffs.

We urge The Regulator to apply its discretion for the implementation of the below justifying it on the following two principles:-

a. Government strategy relating to transformation (B-BBEE); and
b. Ports to becoming more efficient/competitive.

2.3.3 Qualifying Beneficiaries

- B-BBEE Level 3 or better (also refer to section 2.4 below)
    - To promote Transformation within the sector
- High Volume Port Users
    - Increased number of units per vessel call = more efficient use of port infrastructure
    - Historically contributed the largest portion of RoRo revenue
    - Major Employers

Proposed Discount Scale:

	0 - 20 000		20 001 - 50 000 (or B-BBEE*)		50 001 - 80 000		80 001+	
	0%		30%		40%		50%	
	Export	Import	Export	Import	Export	Import	Export	Import
Volume	0	49 500	49 000	67 000	78 000	43 000	136 000	187 500
Tariff	R304	R608	R304	R608	R304	R608	R304	R608
Tariff After BPP Benefit (80%)	R61	R608	R61	R608	R61	R608	R61	R608
Tariff After BPP & Volume Discount	R61	R608	R43	R425	R36	R365	R30	R304
TNPA Recovery	R0m	R30.1m	R2.1m	R28.5m	R2.8m	R15.7m	R4.1m	R57.0m
	R138m							
Benefit to RoRo Cargo Owners	R100m							

**** B-BBEE (Level 3 or better) credentials entitle Cargo Owner to a discount from first unit through the port (see section 2.4 below)***

[6] Pg 5 Global Ports Pricing Comparator Study, Ports Regulator www.portsregulator.org

2.3.4 Proposed Rates Equalisation

Transnet Freight Rail ("TFR") plans to more than quadruple its annual RoRo volumes in the next 7 years according to the Market Demand Strategy ("MDS") - see adjacent graph. To achieve this objective and gain market share will require appropriate incentives to shift volumes from road to rail and understanding the challenges our industry faces in this regard. We are intricately involved with the Department of Transport in a related matter and are accordingly acutely aware of the challenges that surround this.

A dual role could be played by incentivising the utilization of less crowded ports (i.e. PE and East London) to provide immediate relief and therefore improve Durban Port's efficiencies. Durban is highly congested, impacting negatively on efficiencies, but nevertheless remains the preferred Port because of lower landside costs to Gauteng. Transnet should equalise the cost to move cars between the above mentioned Ports to Gauteng and visa versa. The use of East London in addition to PE will ensure that PE does not become congested and the load is spread between the two. This solution is not only a short-term answer for the Automotive Industry, but will serve the ultimate purpose of improving efficiencies mainly by the preferred Port (Durban) and whilst retaining the use of SA ports at all times. This approach would result firstly in better utilisation of existing Port assets in preference to additional capital expenditure resulting in undesirable increased tariffs as well as achieving the ultimate goal of moving road to rail.

2.4 B-BBEE

The Automotive Industry has consistently been seen as having insufficient B-BBEE credentials. This is not entirely correct and no doubt some NAAMSA members will argue against it. Nevertheless there is substantial room for improvement if one was to address it adequately.

We would like to play an active role in engaging with both The Regulator and the Authority in identifying mechanisms that could motivate such an approach in addressing this issue such as our proposed volume discount scale shown above. NAAMSA members face serious frustrations with the B-BBEE goalposts being moved constantly[7]. We consider that such an engagement would relieve and address positively this issue if assisted by independent parties able to focus adequately on the above but always subject to NAAMSA's approval.

We are of the opinion that approaching this objective by targeting retail distribution and allied services would provide B-BBEE opportunity and be more feasible for the short to medium term.

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[7]Quoted from NAAMSA to DTi – Public Comment, 4Dec 2012 *: It is worthy to note that the numerous punitive measures being suggested in the proposed revised B-BBEE Codes represent a retrogressive step that might disincentivise companies to continue their many programmes in support of this legislation. The sudden toughening of the targets to achieve B-BBEE recognition levels, shortly after the existing Codes had implemented stricter targets, may also disincentivise companies that have worked hard towards achieving their best score under the Generic Scorecard*.

2.5 Cargo Dues Tariffs by Motor Vehicle Category

We concur with the Authority's proposal that Cargo Dues for RoRo should be on a "per unit" basis. It is not only logical but also an equitable basis compared to the equivalent tonnage method previously employed. However we propose that the PPS include some level of differentiation in tariffs between vehicle types as was previously proposed by TNPA as follows:-

- Passenger vehicles (PV): weight < 3.5 tons and all dimensions must not exceed: length < 4.8 meters, width < 2.5 meters, height < 2.87 meters
- Commercial vehicles (CV): weight between 3.5 and 8.5 tons and all dimensions must not exceed, length between 4.8 and 12 meters, maximum width of 2.5 meters, maximum height of 2.87 meters
- Heavy commercial vehicles (HCV): weight above 8.5 tons or if any of the following dimensions is exceeded: length >12 meters, weight > 2.5 meters, height > 2.87 meters

2.6 Ring-Fencing of Future Costs

We need to express some concern regarding the public announcements made by Transnet's past and present CE's regarding what has now become more commonly known as the Market Demand Strategy ("MDS") that has jumped from R 80bn rising to well over R 300bn. Clearly the scope has changed substantially and different objectives were targeted then compared to now, however we remain concerned that the figure of R 300bn could rise significantly a) as a result of additional projects; b) upward adjustments in cost of currently identified projects and c) increases due to inflation. Being on the receiving side of the equation and a member of the private sector, we have limited say as to all the factors mentioned above. However we fear that increases would be inevitable and these may result in reversing all the positive recent initiatives.

Revenue Required to support assets already included in the RAB should not be ring-fenced. In view of the phased approach of capex, not all cargo owners receive benefit simultaneously. Accordingly and as cargo owners with unique minimal Port infrastructure needs, we take special cognisance of the above. In order to protect our sector's interest we request that The Regulator supports our call to Ring-Fence expenditure for future specialised infrastructure so it is paid for by the port users deriving a direct benefit. Costs relating to future Common Infrastructure (Breakwaters, Seawalls, Channels, Fairway Basins etc) should be shared between port users as proposed in the PPS.

2.7 Volume Projections

RoRo and Containers as proposed will have the highest Tariff per unit of measurement. As such, we feel it is necessary to bring to the attention of The Regulator the extreme price sensitivity that these two cargo types have with regard to volume projection accuracy of all CHT's. Therefore volume accuracy is of paramount importance to all cargo types.

At present industry would prefer to use National Association of Automotive Manufacturers of South Africa (NAAMSA) projections, which the Authority has viewed as being overly ambitious. NPA on the other hand proposes using Transnet's 7 year volume plan, which industry views as overly cautious and which will result in a significant and may be seen as intentional over-recovery by TNPA.

In view of the above, we request The Regulator's intervention to assist the Authority and Industry in formulating a principled methodology to determine volume projections going forward that are acceptable and achievable by all role players.

2.8 Transnet/ Industry Dedicated Working Group

In closing we wish to promote our view that on-going interaction via the efforts of dedicated Working Groups would result in meaningful results in achieving the underlying objectives of current initiatives. Daily interaction, transparency and focus on issues at hand would facilitate expedient implementation of most objectives. The industry is already engaged in this regard, but not enough emphasis has been placed in achieving the goals that were set out almost two years ago.

We urge that this working relationship be given renewed priority and preference to achieve its worthy objectives.