



CARGO SERVICE CENTER

CSC HOLDING BV

28 January 1997

Mr. Ed Willett
Executive Director
National Competition Council
GPO Box 250 B
Melbourne, VIC 3001
Australia



Dear Mr. Willett,

By means of this letter we would like to respond to the NCC notice on the applications by Australian Cargo Terminal Operators (ACTO) in the Sydney Morning Herald dated 20 December 1997.

Cargo Service Center Holding (CSC) is the world's leading air cargo handling company with 63 stations world-wide handling 950,000 tonnes for more than 65 international airlines in 1995/96. CSC Australia, a majority owned unit of Cargo Service Center Holding (CSC), has been involved in negotiations with airlines and government bodies at Sydney Kingsford Smith Airport since the beginning of 1996. We have carried out detailed studies on facilities and equipment with the objective to set up and manage a state of the art cargo handling terminal in a competitive environment at Sydney Airport. The outcome of this analysis and planning is that we will be operational and become the fourth on-airport cargo handler in 1998. We are also investigating to start-up in Melbourne and Brisbane.

We fully subscribe to the objectives of the NCC and are convinced that a competitive environment in cargo handling services at Sydney Airport benefits the consumer, the airline and freight forwarding community, the State of New South Wales and the Australian economy as a whole. As mentioned, we successfully operate world-wide at numerous airports in competitive environments, to the complete satisfaction of our clients.

CSC is a customer driven organisation and therefore values the judgement of our clients, the airlines. Our impression is that they, from a service quality point of view, would like to be handled on-airport or in the direct vicinity of the airport from a advanced full service warehouse. Other solutions such as the off-airport one briefly pursued by Martinair in Sydney may not be successful since they do not comply with the current needs of the airlines, resulting as a significant element in the case of Martinair, in re-routed flights to Melbourne. In this respect, we believe that competition should be on a level playing field with respect to lease rates of facilities, accesses to vital resources (e.g. ramp handling) and access to the ramp in case of an off-airport situation.



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We endorse the two recommendations from the House of Representatives Standing Committee, but we would like to point out that unbridled competition may negatively affect quality, security and utilisation of the limited available land at Sydney airport. In that respect, we would also like to refer to the disadvantages of onerous competition at both the London Heathrow and Los Angeles LAX airports, where CSC also operates. As a result, we are of the opinion that the competitors which should be allowed to have access to the airport should be high quality, reliable, financially strong and with a proven track record.

Cargo Handling requires know-how and significant investments, both in equipment and in training; as a result, a level playing field among competitors is a must in order to justify such long term investments. An abundance of small, low-quality warehouses may increase competition but will most likely not result in a wide range of specialised handling services, a decrease of throughput times or benefit security and service levels, let alone live up to meeting stringent customs and AQIS regulations.

I look forward to answer any questions you might have on this important issue and hope to be working with both the NCC and the FAC to contribute to a competitive, professional and customer oriented cargo handling environment at Sydney Airport.

Yours sincerely,

Hugo van Berckel
Managing Director

CC Mr. Peter Whitfield - UAC