

PUBLIC FILE VERSION



6 July 2015

Ms Kerry Taylor
Director, Operations 4
Anti-Dumping Commission
Level 35, 55 Collins Street
MELBOURNE VICTORIA 3000

Email: Kerry.Taylor@adcommission.gov.au

Dear Ms Taylor,

Reference : Review of measures Investigation No. 263 – aluminium road wheels exported from the People's Republic of China

Introduction

I refer to recent documents placed on the Public File in Investigation No. 263 concerning meetings of the Anti-Dumping Commission ("the Commission") and representatives of

- (i) the Government of China ("GOC"); and
- (ii) CITIC Dicastal Co., Ltd ("CITIC Dicastal").

Meeting with GOC Representatives

Arrowcrest notes that the GOC's representatives are continuing to seek a full review of the market situation finding of the original investigation No. 181. Arrowcrest highlights with the Commission the following from the *International Aluminium Journal, Volume 91, June 2015*:

"the alarming over capacity of primary production and exorbitant electricity costs (as high as 45% of the total costs for primary aluminium production in some regions (leads) to prohibitively high unit production costs (in China).

"The Government pledges the industry to improve the incentive mechanisms for research, development, innovation and new technology applications, through fiscal and tax policies

"the Government has taken concrete measures to...forbid local governments to offer power subsidies to aluminium smelters in any form

"In 2014 the average price of aluminium in the Chinese domestic market dropped 6.9% y-o-y down to the price level of more than 20 years ago, compared to the slight gain in the average aluminium price at London Metal Exchange (1.1%) in 2014, relative to 2013. Over those two decades however the costs for capital, labour, resources and environmental protection increased substantially, exceeding cost reductions achieved and thus causing heavy financial losses for the whole aluminium smelting industry in 2014, following the previous two years of losses.

"In connection with increased aluminium production capacity, in the last few months of 2014 and the first two months of 2015, the exports of value-added aluminium products (for which a claim of a 13% rebate could be lodged) were markedly increased which caused concerns in the international market, while exports of primary aluminium were greatly hindered by a 15% export tax on top of a 17% value-added tax imposed by the Chinese government. It is unlikely that the 15% export tax on primary aluminium will be lifted in the near future and exports of processed aluminium products will probably be the easiest way to reduce the pressure.

"China Zhongwang Holdings Ltd., the second largest aluminium extrusion company in the world...achieved sustainable growth in line with the nation's development directions through multi-faceted progress in product research, equipment upgrading, market development and extension of the industry chain...During 2014 group exports climbed by 35.3%".

The June 2015 International Aluminium Journal extracts confirm that the artificially low prices of aluminium (and hence aluminium alloy) continued to prevail in China during the investigation period. The low aluminium alloy input costs continue to impact ARWs costs in China, and hence a market situation for ARWs remains in the 2013/14 investigation period.

Arrowcrest would also refer the Commission to its earlier submissions of 23 October 2014 and 25 March 2015 that establishes the ongoing significant GOC influence on the aluminium, aluminium alloy, and ARW industries.

CITIC Dicastal

The CITIC Dicastal representative has argued for the exemption of OEM ARWs from the coverage of the measures. Arrowcrest submits that a request for exemption from the measures can be made to the Parliamentary Secretary in accordance with subsections 8 (7) (a) and (e) and 10 (8) (a) and (d) of the Customs Tariff (Anti-Dumping) Act (*Dumping Duty Act*).

It is further suggested by CITIC Dicastal that the impending closure of the motor vehicle manufacture (not until 2017) provides a basis for exemption. Arrowcrest rejects this suggestion as it continues to supply ARWs to the OEM industry and will do so until 2017. The anti-dumping and countervailing measures are therefore required until 2017.

Arrowcrest is opposed to the removal of the measures on OEM exports from China due to the high probability of aftermarket ARWs being channeled to the Australian market under the guise of OEMs.

Arrowcrest is available to provide the Commission with any further information required concerning the matters included in this letter.



Bill Davidson
Director