



28 March 2012

Ms Joanne Reid  
Director  
International Trade Measures Branch  
Australian Customs and Border Protection Service  
Customs House  
5 Constitution Avenue  
Canberra ACT 2600

Dear Ms Reid,

**ALUMINIUM ROAD WHEELS FROM CHINA**

Our submission of 21 February 2012 on behalf of Mullins Wheels Pty Ltd demonstrates that Arrowcrest experienced no material injury during the IP and the injury it experienced during the injury analysis period was caused by factors other than dumped and/or subsidised exports from China. Customs' visit report in relation to Permoso Pty Ltd T/A HSV ("HSV") adds substantial weight to our submission that Arrowcrest has incorrectly attributed injuries caused by other factors to dumping and/or subsidisation.

It is clear from the HSV visit report that Arrowcrest's inability to produce ARWs by other than low pressure die casting (LPDC) technology, eg by cast flow forming and forging, and its relatively high rate of defects, are factors which have contributed to Arrowcrest's injury and have been incorrectly attributed by Arrowcrest to dumping and/or subsidisation.

We note the following references in the HSV visit report:

- Arrowcrest has the ability to produce ARWs from only the LPDC process;
- The Cast Flow Forming and Forging processes allow for greater flexibility in wheel styling and improved strength with reduced weight;
- Many of the wheels HSV is now sourcing need to be produced using the Cast Flow Forming and Forging processes to meet GM Best Practice Guidelines and engineering performance targets;
- HSV stated that about two years ago it found it could not achieve GM engineering standards with LPDC wheels. HSV found that when measured against GM's world wide engineering standards LPDC wheels do not pass load rating targets without exceeding weight targets.

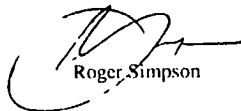
HSV therefore began sourcing forged wheels which met GM's best practice at acceptable mass targets. HSV began offering forged wheels as an optional accessory on its range of HSV vehicles;

- Engineering group expressed concerns over Arrowcrest's ability to meet GM Corp's specification;
- The Styling group also had concerns about the styles being offered by Arrowcrest;
- ARWs supplied by Arrowcrest have a high rate of defects compared to other suppliers;
- HSV advised it is moving towards 100% cast flow form and forged wheels due to technical requirements and marketing direction. HSV did not have the confidence that Arrowcrest would be able to meet the new higher standards set for new programs; and
- HSV claimed that imposing dumping and/or countervailing duties on Cast Flow Formed and Forged wheels would do nothing to protect the Australian LPDC ARW industry and only penalise Original Equipment manufacturers of PMVs who require this technology to meet engineering and performance requirements.

The following references in section 5.4 of the HSV visit report point to factors other than the above which would also have impacted negatively on Arrowcrest's sales to HSV:

- HSV said it offers all ARW suppliers material cost Escalation/De-escalation against LME Aluminium market pricing. HSV stated that this offer has not been taken up by Arrowcrest;
- HSV said that through the sourcing process it requests all suppliers to provide their quotation in a standardised price breakdown format to allow HSV to understand the cost drivers to develop more cost effective designs and supply chain solutions with its suppliers. HSV stated that Arrowcrest does not provide a breakdown of its costs in its quotation; and
- Arrowcrest was still being considered as a potential supplier until it notified HSV of a price increase of 25% effective immediately on all future orders or no further deliveries.

Yours sincerely,



Roger Simpson