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14 March 2012

Ms. Joanne Reid
Director, Operations 2
International Trade Remedies Branch
Australian Customs and Border Protection Service
Customs House
5 Constitution Avenue
CANBERRA ACT 2601

Dear Joanne,

Reference : Aluminium Road Wheels exported from China – proposed Unsuppressed Selling Price.

I refer to recent discussions concerning the methodology for a proposed Unsuppressed Selling Price ("USP") for the Australian industry manufacturing Aluminium Road Wheels ("ARWs").

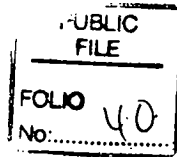
Customs and Border Protection ("C&BP") has a preferred hierarchy¹ for establishing USPs that is based upon:

- Industry selling prices unaffected by dumping;
- Constructed industry prices based upon cost-to-make-and-sell ("CTMS") plus an amount of profit; and
- Selling prices of undumped goods.

Arrowcrest has indicated in its application that injury from the dumping and subsidization commenced in 2003/04. Industry selling prices prior to 2003/04 are not representative of recent costs and prices in the Australian ARW industry. Arrowcrest therefore submits that an appropriate methodology for a USP is one based upon Arrowcrest's FY2011 CTM&S plus an appropriate amount of profit.

Arrowcrest's CTM&S for FY 2011 is available for the ARW OEM and AM segments, by wheel size (14" to 20") and finish (Hyper Silver, Machine Face, Silver).

¹ Refer Trade Measures policy Advice 2004/01.



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In respect of an appropriate level of profitability, Arrowcrest notes CB&P preference to base assessments on market-determined values. Arrowcrest submits that it has achieved a level of profitability unaffected by dumping in its sales of ARWs to HSV in FY 2011 of approximately XXX per cent. Arrowcrest submits that the profit on sales of ARWs to HSV is a market-determined profit and could be achieved in the absence of dumping and subsidization.

Arrowcrest has also examined the minimum level of profit that it requires to continue to re-invest in ARW manufacture in Australia. (Confidential business transaction.) Arrowcrest requires a XXX per cent return on sales to continue to re-invest in Australia (XXXXX + XXXXX/XXXXXX).

The foregoing highlights that the return on sales achieved by Arrowcrest with its sales to HSV enables the company to continue to re-invest in the Australian ARW industry.

It is Arrowcrest's view that, in the absence of dumping, the level of profit achieved on its sales of ARWs to HSV represents the most appropriate basis for an amount of profit to be applied to Arrowcrest's 2011 CTM&S ARWs. Arrowcrest has further demonstrated the minimum level of profit on sales required for Arrowcrest to continue to re-invest in the industry. (In this regards, we supplied the necessary supporting A6 data to C&BP by email on Monday 19 March 2012.)

Arrowcrest therefore recommends that a USP for ARWs manufactured in Australia be based upon its CTM&S in FY 2011, plus a level of profit achieved on its sales of ARWs to HSV.

If you have any questions concerning this letter, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in cursive script that reads 'Bill Davidson'.

Bill Davidson
General Manager