

**APPLICATION
FOR
ANTI-DUMPING and COUNTERVAILING DUTIES
ALUMINIUM ROAD WHEELS
exported
from the People's Republic of China**

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

**Application for Dumping and
Countervailing Duties****DECLARATION**

I request in accordance with Section 269TB of the Customs Act 1901 that the Minister publish in respect of goods the subject of this application:

- ☐ a dumping duty notice, or
- ☐ a countervailing duty notice, or
- ☐ a dumping and a countervailing duty notice

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Signature:.....

Name: Bill Davidson

Position: General Manager

Company: Arrowcrest Group Pty Ltd, trading as ROH Automotive and ROH Wheels Australia

ABN: 71 007 521 280

Date: / /

PART A

INJURY

TO AN AUSTRALIAN INDUSTRY

APPLICATION

FOR

ANTI-DUMPING and COUNTERVAILING DUTIES

ALUMINIUM ROAD WHEELS

exported

from the People's Republic of China

*Arrowcrest Group – Aluminium Road Wheels from PRC – Part A***Table of Contents**

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*Arrowcrest Group – Aluminium Road Wheels from PRC – Part A***Introduction and Executive Summary**

Low-priced, dumped and subsidised aluminium road wheels (ARWs) from China have caused significant material injury to the Australian industry since 2003 and threaten to continue to cause further injury.

ABS data indicates that since 2003, imports of ARWs from China into Australia have increased by around 738%. Arrowcrest estimates that ARWs from China accounted for at least 55% of the Australian ARW market in FY 2011. The growth in imports of ARWs from China since 2003 is a direct result of the export prices for ARWs from China which have declined by around 48% since 2003.

Domestic volumes for the applicant have contracted 34% since 2003 as a direct result of ARWs from China in both the original equipment (OEM) and Aftermarket (AM) sectors. Sales turnover has contracted by 47% and employment by 49%.

The applicant's export business is now virtually non-existent, contracting from 6.9% to 0.2% of turnover.

The applicant's losses pre-date the recent strengthening of the Australian dollar by around 6 years.

Prices for ARWs from China are at or below the cost to produce ARWs in the rest-of-the-world including in Australia. Even the highest Chinese FOB export prices are around 70% below the lowest price of the applicant. Since 2003 export prices from China have fallen by around 48% whilst prices from the EU and USA have increased by 19% and prices from other Asian countries have increased by around 28%.

The exporters of dumped and subsidised ARWs from China have followed an aggressive price strategy that has not only resulted in lost sales, profitability and employment for the applicant. It has also resulted in one former Australian manufacturer of ARWs entirely abandoning its manufacturing operations, also located in South Australia, in favour of importing their ARWs from China.

Apart from the applicant there remains only one other Australian (aftermarket) manufacturer of ARWs the subject of this application who is thought to be supplementing its product range with ARWs imported from China in a bid to compete and survive.

Chinese ARW manufacturers are invited by the Australian car manufacturers to bid to secure long-term contracts. Prices for Chinese ARWs are the determining factor in these contracts. Where the Australian industry has retained OEM business the selling prices are close to cost such that the industry's ability to reinvest is restricted and this restriction is further compounded by the risk of loss of the business to imports of ARWs from China in future.

Arrowcrest Group -- Aluminium Road Wheels from PRC -- Part A

The only reason why Chinese exporting producers are capable of undercutting prices of the Australian industry to such a large extent is due to the subsidies provided by the Chinese State and provincial governments.

Arrowcrest has calculated dumping margins ranging from 68% to 141% for ARWs from China and it is this price pressure and subsequent loss of volumes that has caused the Australian industry significant injury. Arrowcrest believes that ARWs from China account for around 60% of all OEM volumes in 2011 and threaten to account for the remainder of this sector at some time in the next three to five years. In the aftermarket, Arrowcrest has lost around 89% of its Australian market share to imports of dumped and subsidised ARWs from China.

The current situation in Australia is mirrored by the U.S. market where ARWs from China also entered on a serious level in 2002/03 with aggressively low prices. Chinese ARWs now dominate the U.S. market such that their aftermarket share exceeded 70% in 2007 and their OEM share was around 40%. The U.S. industry has either shifted 66% of its production to Mexico (Superior Industries) and/or closed factories (Superior and Hayes Lemmerz), in a bid to survive. As noted in the recent European Union investigation of ARWs from China into the European market, *"(w)ith the domestic U.S. industry on its knees, Chinese producers have begun to increase their prices to U.S. customers."*

In the absence of measures, production and employment in the Aftermarket sector in Australia will stop. In the absence of measures, production and employment in the OEM sector in Australia may ultimately stop as it is not possible for the Australian industry (or the rest of the world) to compete with the levels of dumping and subsidisation of aluminium road wheels exported from China.

*Arrowcrest Group – Aluminium Road Wheels from PRC – Part A***A-1 Identity and communication.**

Please nominate a person in your company for contact about the application:

Contact Name: Bill Davidson
Company and position: ROH Automotive and ROH Wheels Australia, Director & General Manager
Address: 34 Burleigh Avenue, Woodville North, South Australia, 5012.
Postal Address: P.O. Box 5, Regency Park, South Australia, 5942.
Telephone: (08) 8468 4111
Facsimile: (08) 8468 4101
E-mail address: bill.davidson@roh.com.au
ABN: 71 007 521 280

Alternative contact

Name: Samantha Chua
Position: Finance Manager
Address: 34 Burleigh Avenue, Woodville North, South Australia, 5012.
Telephone: (08) 8468 4144
Facsimile: (08) 8468 4101
E-mail address: samantha.chua@roh.com.au

If you have appointed a representative to assist with your application, provide the following details and complete Appendix A2 (Representation).

Name: Mr John O'Connor
Business name: John O'Connor & Associates Pty Ltd
Address: P.O. Box 329, Coorparoo Qld 4151
Telephone: (07) 3342 1921
Facsimile: (07) 3342 1931
E-mail address : jmoconnor@optusnet.com.au
ABN: 39 098 650 241

*Arrowcrest Group – Aluminium Road Wheels from PRC – Part A***A-2 Company information.**

1. **State the legal name of your business and its type (eg. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.**

The name of the company is Arrowcrest Group Pty Ltd ("Arrowcrest"). Arrowcrest is a private, proprietary limited company, trading as ROH Automotive and ROH Wheels Australia.

ROH Automotive (Light Metal division) manufactures Arrowcrest's ARWs and supplies ARWs to Arrowcrest's OEM customers including Toyota Motor Corporation Australia Ltd. and Holden Special Vehicles.

ROH Wheels Australia operates five branch warehouses, one in each capital city, excluding Tasmania and the Northern Territory, from which it wholesales Arrowcrest's aftermarket ARWs to the tyre retail industry.

2. **Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.**

Arrowcrest is a manufacturer of original equipment aluminium road wheels (ARWs) for passenger vehicles. The trading divisions of Arrowcrest are as follows:

- ROH Automotive Steel Products – steel wheel manufacturer located in South Australia;
- ROH Automotive Light Metal Products – ARW manufacturer located in South Australia;
- ROH Wheels Australia – ARW and steel wheel distribution – headquarters in South Australia;
- ROH Automotive Products Philippines Incorporated – steel wheel manufacturer located in Metro Manila, Philippines;
- John Shearer Limited – agricultural machinery manufacturer located in South Australia;
- Kockums Industries – road-tanker manufacturer located in Victoria;
- Brownbuilt – steel shelving manufacturer with manufacturing operations in South Australia, Victoria and New South Wales;
- Flocast – continuous and centrifugally cast metal bars and bushes located in Victoria.

An internal structure of ROH Automotive and ROH Wheels Australia is included at Confidential Attachment A-2.2.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

3. List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.

Arrowcrest is a privately owned company that has been manufacturing wheels in Australia since 1947.

4. If your company is a subsidiary of another company list the major shareholders of that company.

ROH Automotive (ROHA), comprising Steel Products and Light Metal, and ROH Wheels Australia (ROHWA) are divisions of Arrowcrest.

5. If your parent company is a subsidiary of another company, list the major shareholders of that company.

Arrowcrest is not a subsidiary of another company.

6. Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).

An outline diagram showing the affiliated divisions of Arrowcrest is included in Confidential Attachment A-2.6.

7. Are any management fees/corporate allocations charged to your company by your parent or related company?

A monthly corporate charge is applied to both ROH Automotive and ROH Wheels Australia, being a percentage of budgeted sales.

8. Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.

Arrowcrest does not have any relationship with an exporter to Australia or Australian importer of the goods the subject of this application.

9. Provide a copy of all annual reports applicable to the data supplied in **Appendix A3** (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.

Arrowcrest does not publish annual reports. Copies of annual financial statements for Arrowcrest are included at Confidential Attachment A-6.3.

*Arrowcrest Group – Aluminium Road Wheels from PRC – Part A***10. Provide details of any relevant industry association.**

Arrowcrest is a member of the Federation of Automotive Products Manufacturers.

A-3 The imported and locally produced goods.**1. Fully describe the imported product(s) the subject of your application:**

- Include physical, technical or other properties.
- Where the application covers a range of products, list this information for each make and model in the range.
- Supply technical documentation where appropriate.

The goods the subject of this application are aluminium road wheels ("ARWs") of the motor vehicles of HTISC heading 8708709178, in diameters ranging from 13" to 22".

The goods under consideration (GUC) are finished or semi-finished ARWs whether un-painted, painted, chrome plated or forged. The Australian industry competes directly with ARWs imported from China in each of these categories.



Fully painted silver.

Fully painted hyper-silver.

Painted and bright machined.

Aluminium wheels for go-carts and All-Terrain Vehicles ("ATVs") are specifically excluded.

2. What is the tariff classification and statistical code of the imported goods.

The ARWs the subject of this application are classified to subheading 8708709178.

It might be possible either now or in future for the goods to be imported under subheading 8708709179.

*Arrowcrest Group - Aluminium Road Wheels from PRC - Part A***3. Fully describe your product(s) that are 'like' to the imported product:**

- Include physical, technical or other properties.
- Where the application covers a range of products, list this information for each make and model in the range.
- Supply technical documentation where appropriate.
- Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.

The GUC are finished or semi-finished ARWs whether unpainted, painted, chromium plated or forged.

The Australian industry competes directly with ARWs from China in each of these categories.

The locally made goods that are like goods to the imported goods include the physical, technical and other properties shown in table A-3.3 below.

Table A-3.3 Like goods produced by the Australian industry.

HTISC code	8708709178
Primary material	CC601 T6 BS1490 aluminium alloy, equivalent to A356 and A356 2 aluminium alloy.
Paint	Primer and colour and clear coats. Machined face wheels have an additional clear coat.
Packaging	OEM condition - Bulk on pallets with cardboard dividers and stretchwrap.
	Aftermarket condition - Individually cartoned with plastic bag, foam or film or sock [optional].
Accessories	OEM condition - Nil.
	Aftermarket condition - Wheel cap and decal included.
Size capability	13" to 22"
Sizes produced	13", 14", 15" 16", 17", 18", 19", 20"
Size interchangeability	Legal interchangeability in Australia = OEM diameter plus one inch or plus two inches. Therefore 22" wheels are interchangeable with 20" wheels.
Finishes produced	Raw, painted, hyper-silver/hyper-black/chrome shadow. Painted finishes with or without bright machining account for around 90% of all ARW sales in the Australian market.
Other competing finishes	Semi-finished ARWs.
	Polished - can be supplied if the market demands.
	Chrome plated - not produced by ROH.
Applications	Passenger cars, four wheel drive vehicles, caravans and trailers.
Load capacity	Various determined by application.
Other like goods	Forged aluminium wheels - not produced by ROH.

See Non-confidential Attachment A-3.3 for a copy of the ROH aftermarket ARW brochure.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

ROH has the capacity to readily increase its production of ARWs should the opportunity arise.

Semi-finished ARWs allow Australian importers to reduce their stock exposure by limiting the number of specific vehicle fitments held in stock. The importers finish the wheel locally by drilling, machining and/or painting to customer specific requirements. Semi-finished ARWs are imported by wholesalers and retailers of wheels and by wholesalers and retailers of tyres.

ROH produces its ARWs to Australian Standard AS1638.

4. Describe the ways in which the essential characteristics of the imported goods are alike to the goods produced by the Australian industry.

In assessing like goods the Australian Customs and Border Protection Service ("Customs and Border Protection") follows an administrative framework that examines likeness. The following are considerations that form the basis of the assessment:

- Physical likeness;
- Commercial likeness;
- Functional likeness;
- Content or production likeness

Physical likeness

There are no obvious physical differences between the imported goods and the products manufactured by the Australian industry. Characteristics such as appearance, size, weight, etc indicate a strong physical likeness between the imported goods and the like goods manufactured by the Australian industry.

There are four predominant finishes in the Australian market: silver painted (S), bright machined front face and painted (MF), hyper silver – known also as hyper black or chrome shadow (HS) and chrome plated (C).

ROH produces types S, MF and HS at its' Woodville North, South Australia, operations.

Whilst ROH does not produce type C ARWs, this type competes directly for sales with the other types and are considered substitutable, hence their inclusion in this application.

*Arrowcrest Group – Aluminium Road Wheels from PRC – Part A**Commercial likeness*

The distribution channels to the Australian market for the imported ARWs and the locally produced ARWs are the same. The imported goods and the locally made ARWs compete directly in the same market segments. The imported ARWs and locally produced ARWs compete on price which is the influencing factor as to whether a buyer purchases an Australian produced ARW or an ARW imported from China.

Functional likeness

Functional likeness refers to the end-use applications of the goods. The Australian-produced ARWs and imported ARWs are used for the same purpose and are interchangeable. The identical end-use of the imported goods and the locally produced goods confirms functional likeness.

Content or production likeness

The manufacturing processes for locally produced ARWs and imported ARWs from China are essentially the same, using the same raw materials and manufacturing methods.

Conclusion

On the basis that ARWs imported from China possess the same essential characteristics as ARWs manufactured by the Australian industry in terms of physical, commercial, functional and production likeness, the imported goods can be considered to be like goods to ARWs produced by the Australian industry.

5. **What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product.**

The ANZSIC code applicable to the locally made goods is considered to be 2819.

6. **Provide a summary and a diagram of your production process.**

ARWs are manufactured in one of three ways – by the welding, casting or forging method. The ROH process is based upon globally prevalent casting methods.

The two predominant methods for casting ARWs are gravity diecasting (gravity) and low pressure diecasting (LPDC). Whilst both methods result in the production of identical products, LPDC is the preferred method due to improved yield, productivity and quality as compared to the gravity method. Scrap and rework levels are typically 10~20% lower with LPDC. Casting weights and therefore aluminium content and cost are also lower with LPDC.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

ROH uses the LPDC method for around 95% of its production of OEM and AM ARWs.

Given the investment incentives available in China it is understood that LPDC is also the predominant method for ARW production in China.

For the reasons outlined above, it should be noted that the unit cost to produce gravity ARWs will be higher than the cost to produce LPDC ARWs.

Aside from labour cost differentials, which are not a high percentage of the cost to produce ARWs, there would be no other cost advantages arising from LPDC production methods employed in China versus the production methods employed in the rest-of-the-world including in Australia.

A summary, diagram and photographs of ROH's globally-generic production process is provided at Confidential Attachment A-3.6. The diagram outlines the globally-generic manufacturing process for ARW production, with the key stages as follows:

1. Melting and alloying of primary aluminium ingot (or melting of alloyed A356 ingot);
2. Flux (cleaning) and degas of molten alloy;
3. Spectrometry;
4. Transfer to low pressure die casting machine holding furnace;
5. Low-pressure or gravity die-casting;
6. Fettling;
7. Sprue removal;
8. Heat treatment (solution and age hardening);
9. Machining of rim and internal mounting surfaces;
10. Cleaning and surface pre-treatment;
11. Application of a primer coat - typically via powdercoating;
12. Paint baking;
13. Application of a colour top coat – typically solvent-based wet spray paint;
14. Intermediate paint baking;
15. Application of a finishing clear coat to seal and enhance the colour coat – either powder or solvent-based wet spray paint;
16. Final paint baking;
17. Optional after 13 : Additional machining process to create a bright machined front face and/or front rim lip;
18. After 17 : Second cleaning and surface pre-treatment;
19. After 18 : Second application of a finishing clear coat;
20. After 19 : Final paint baking;
21. *This last optional stage can also be applied to as-cast wheels ie those wheels that do not have a bright machined face or front rim lip. Assembly of decorative accessories – typically chrome-plated or colour-coated plastic nuts to create the appearance of a multiple-piece wheel. The*

Arrowcrest Group – Aluminium Road Wheels from PRC - Part A

latter being perceived by the market as having higher performance characteristics and hence a higher monetary value;

22. 100% inspection;
23. Packing.

The processes outlined above apply to painted, bright machined, hyper-silver and hyper-black painted finishes. An optional process following step 5 is flow-forming of the rear rim section of the casting. ROH is considering adopting this additional process, in particular the capital cost versus the weight reductions that might be achieved.

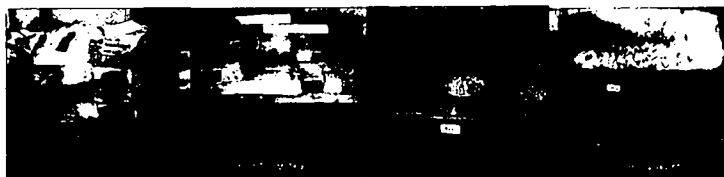
7. If your product is manufactured from both Australian and imported inputs:

- describe the use of the imported inputs; and
- identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).

ARWs manufactured by ROH are produced on its ARW production line at its Woodville North plant. ROH's ARWs are manufactured predominantly from locally sourced raw materials which include primary aluminium, paint and packaging.

ROH adds silicon, magnesium, titanium and strontium in the following percentages to produce alloyed CC601-T6 British Standard 1490 aluminium required to manufacture ARWs to Australian Standard AS1638, at its Woodville North plant :

Silicon Si	6.5~7.5 % content in melt
Magnesium Mg	0.25~0.40 % content in melt
Titanium Ti	0.20 max % content in melt
Strontium Sr	0.004 % content in melt



Silicon

Magnesium

Titanium

Strontium

See also Part B-3.1.8 which describes the pre-alloyed material A356 and A356.2 which ROH believes is used by China's ARW manufacturers. These grades are equivalent to CC601-T6 used by ROH. The difference being that ROH carries out the alloying function in-house, whereas China's ARW manufacturers appear to purchase their aluminium pre-alloyed, i.e. alloy aluminium.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

8. If your product is a processed agricultural good, you may need to complete Part C.3 (close processed agricultural goods).

ARWs are not processed agricultural goods.

9. Supply a list of the names and contact details of all other Australian producers of the product.

Whilst ROH accounts for greater than 75% of Australian ARW production, Performance Wheels located in South Australia is another Australian manufacturer of ARWs.

ROH understands that Performance may supplement its passenger car range with ARWs manufactured in China. Performance declined to participate in this application.

Mullins Wheels, located in Elizabeth, South Australia, is believed to have ceased its Australian ARW manufacturing in 2008/09, and is now importing its ARWs from China.

Performance Wheels

60-62 Kinkaid Avenue

Plympton SA 5038

Tel (08) 8294 9455

www.performancewheels.com.au

Mullins Wheels

25-47 Cheviot Road

Salisbury SA 5108

Tel (08) 8282 3600

www.mullins.com.au

A-4 The Australian market.

1. Describe the end uses of both your product and the imported goods.

ARWs are used in passenger motor vehicles and trailer vehicles including caravans and trailers.

2. Generally describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:

- sources of product demand;
- marketing and distribution arrangements;
- typical customers/users/consumers of the product;
- the presence of market segmentation, such as geographic or product segmentation;
- causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;
- the way in which the imported and Australian product compete; and
- any other factors influencing the market.

Distribution channels – see also Non-confidential Attachment A-4.2.

There exist no natural seasonal fluctuations in demand for ARWs.

There are two major distribution channels for ARWs: the Original Equipment Market (OEM) segment and the wholesale Aftermarket (AM) segment.

The Australia industry and ARWs from China compete for sales to the OEM and wholesale AM segments.

OEM segment

The Australian OEM segment consists of the three Australian passenger motor vehicle manufacturers (PMVs), Toyota Motor Corporation Australia, General Motors Holden and Ford Motor Company, together with their performance brands Holden Special Vehicles (HSV) and Ford Performance Vehicles (FPV). Toyota's performance brand TRD was discontinued in 2009.

ROH supplies OEM ARWs to Toyota and to HSV.

Holden and Ford are thought to be importing their OEM ARWs from China and possibly from Thailand.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

The sales process in the OEM segment is driven by the motor vehicle manufacturers. The design of the ARW may be predetermined by the motor vehicle manufacturer (specifically the outer appearance), with the task of producing a safe and reliable ARW left to the ARW manufacturer. Alternatively the ARW manufacturer may be given design freedom and can develop an ARW to suit the vehicle. Generally the motor vehicle manufacturer will collaborate with the ARW manufacturer to develop a new design.

It is usual for a wheel production contract to be awarded up to two years prior to the production phase of a new model vehicle. The typical life-cycle of a model is between two and five years and competition between wheel manufacturers is essentially price motivated. It is ROH's experience that it has been required to compete with dumped and subsidised prices for ARWs from China in a bid to secure long term contracts with the Australian OEMs.

Imports of ARWs from China have reduced the Australian industry's OEM share from 100% to around 40% over the past 9 years. In a relatively small market such as Australia, the impact of dumped and subsidised imports from China is such that it makes it extremely difficult for the Australian industry to remain competitive on the remaining volumes.

Aftermarket segment

Locally produced and imported ARWs compete at the same levels of trade and the predominant source of imported ARWs is China.

ARWs from China have eroded the Australian industry's share of the aftermarket to the extent that the local industry's share is now estimated to be somewhat less than 10%, down from around 70% ten years ago. ROH estimates that ARWs from China account for around 80%-85% of the Australian aftermarket sector.

Whilst ARWs sold into the aftermarket segment of the market are essentially designed by the ARW manufacturers, at times in collaboration with their customers, in the aftermarket segment price is the determining factor in the consumer's purchasing decision.

The various distribution channels in the Australian aftermarket are via wheel importers, tyre wholesalers, tyre retailers, PMV Customer Service Divisions (CSDs) and retailers of PMVs, and manufacturers of trailer vehicles.

Wheel importers predominantly import ARWs from China for wholesale to corporate and independent tyre wholesalers and retailers, as well as to CSDs and the retailers of PMVs and the manufacturers of trailers and caravans. Wheel importers collectively account for the lion's share of aftermarket ARW imports from China and they do not trade with each other.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

Tyre wholesalers and retailers on the other hand may import ARWs from China and typically will also purchase ARWs from :

- each other ; *and*
- other ARW importers ; *and*
- the Australian ARW industry.

CSDs and PMV retailers and manufacturers of trailers and caravans may also import ARWs from China and typically will also purchase ARWs from :

- other ARW importers ; *and*
- the Australian ARW industry ; *and*
- tyre wholesalers ; *and*
- tyre retailers.

The retail consumer is able to purchase ARWs variously at each of these levels as well as via the internet direct from overseas suppliers. ROH cannot quantify the volume of retail sales completed over the internet with overseas suppliers of ARWs but it is not thought to be significant.

Wheel wholesalers.

Wheel wholesalers importing ARWs from China include :

1. All Wheels Australia;
2. Allied Wheels;
3. ANZ Wheels;
4. B.Boss Wheels;
5. BSA Wheels;
6. G Max;
7. King Wheels;
8. Koya Australia;
9. LWT Group;
10. Mullins Wheels;
11. PDW Wheels;
12. Showwheels;
13. Speedy Wheels;
14. Stone Star Australia;
15. Stylish Wheels;
16. Wheelboyz;
17. Wheels R Us;

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

18. XHP Wheels;
19. YHI Australia;
20. Vendetta Wheels.

Refer Non-Confidential Attachment A-4.2 for contact details.

Corporate tyre chains.

Corporate tyre chains that operate company-owned and franchised retail outlets distributing ARWs from China include :

1. Bob Jane Corporation;
2. Bridgestone;
3. Beaurepaires;
4. Tyrepower;
5. Jax QuickFit;
6. Tire World (Ian Diffen Tyres, The Tyre Factory, City Discount Tyres, Tyre Corp);
7. Ozzy Tyres;
8. Tyres & More.

The Australian industry competes with ARWs from China for sales to the corporate tyre chains. The Australian industry also competes with corporate tyre chains for sales to retail tyre outlets and CSDs.

Corporate tyre chains who import ARWs from China, for example XXXXXXXXXXXXXXXXXXXX, wholesale those ARWs to their company-owned and franchised retail outlets. Stockholding, handling, administration and delivery costs and a level of profit are recovered in the wholesale price. Feedback from XXXXXXXX franchisees, for example, suggests that franchisees pay a level of wholesale mark-up of up to 40% on ARWs imported from China by XXX. Additionally, franchisees pay a month-end royalty to XXX to cover advertising, motor racing and other corporate expenses.

Corporate tyre chains who supplement their own ARW import programs with ARWs supplied by other ARW importers and by the Australian industry, for example XXX, expect these "external" suppliers to compete on price with their in-house ARWs imported from China and, in addition, to pay a month-end rebate based on turnover. Aside from recovery of advertising expenses not recovered elsewhere, the month-end rebate is in effect a charge levied against the "external" supplier in exchange for the right to vie for sales alongside the chain's own import program.

Corporate tyre chains who may not have their own ARW import program may also seek to extract a month-end rebate in exchange for the right to vie for sales to their company-owned and franchised retail outlets.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

The availability of ARWs from China at dumped and subsidised prices has given tyre wholesalers and tyre retailers substantial advantage and leverage that otherwise would not exist in the Australian market.

Other tyre wholesalers.

Other tyre wholesalers who do not operate retail outlets or retail franchises include YHI Australia. YHI Australia sources ARWs from its sisters YHI Advanti Shanghai and YHI Advanti Suzhou in China. YHI Australia wholesales YHI Advanti brand ARWs with or without tyres to corporate and independent tyre wholesalers, tyre retailers, CSDs and PMV retail outlets alike. In other words, YHI Australia competes for sales of its imported ARWs at all levels of the market.

Michelin Tyres, Hankook Tyres, Kumho Tyres, Tyres 4U, Tyres Plus and K-Mart Tyre & Auto Service are not active participants in ARW distribution or sales in Australia.

Tyre retailers.

The large Australian tyre retail segment is awash with ARWs from China. In addition to the corporate retail outlets referred to above, there are hundreds of independent retail tyre outlets in Australia, the majority of who retail ARWs.

K-Mart Tyre & Auto and Tyres Plus are possibly the only retail tyre outlets in Australia who do not retail ARWs.

Some tyre retailers who appear to be importers of ARWs from China include :

- Bob Jane T-Marts;
- Big O Tyres;
- F1 Wheel & Tyre;
- Fawkner Tyre & Wheel;
- Motorsport Wheels & Tyres;
- Ozzy Tyres;
- St George Tyres;
- Stamford Tyres;
- Stylish Wheels;
- Taleb Tyres;
- Tire World;
- Tempe Tyres;
- Tyrepoint.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

Given the opportunity to close a sale for ARWs (and therefore tyres), tyre retailers will source ARWs where necessary and where possible from :

- China ; *and*
- each other ; *and*
- importers of ARWs, with or without tyres ; *and*
- the Australian ARW industry.

Some independent tyre retailers will seek to extract month-end rebates from ARW suppliers in the same manner as the corporate tyre chains.

Customer Service Divisions and PMVs.

Customer Service Divisions are operated by each of the three Australian OEMs and by the majority of PMV OEM importers. CSDs exist to provide PMV retailers with a range of services and value-add accessories, including ARWs, that convey a point of difference for the retail consumer.

Retailers of used PMVs who are not allied to a local or imported OEM brand will also seek a range of value-added accessories, including ARWs, for the same reasons.

Wheels are a simple yet profitable value-add for CSDs and PMV retailers, accounting for an estimated 15% of aftermarket ARW sales volumes in Australia.

The Australian industry competes with ARW importers for sales to the CSDs.

3. **Identify if there are any commercially significant market substitutes for the Australian and imported product.**

Cheaper steel wheels are used on PMVs however aspirational marketing, styling and perceived value encourages the OEM and Aftermarket segments to upgrade to ARWs whenever it is commercially attractive to do so.

4. **Complete appendix A1 (Australian production). This data is used to support your declaration at the beginning of this application.**

ROH has completed Confidential Appendix A1 detailing production of ARWs at its Woodville North facility for the most recent twelve month period.

5. **Complete appendix A2 (Australian market).**

ROH has completed Confidential Appendix A2 for the period 2003 to March 2011.

*Arrowcrest Group – Aluminium Road Wheels from PRC – Part A***6. Use the data from appendix A2 (Australian market) to complete this table:***Indexed table of sales quantities.*

	ROH sales excluding MMAL*	Other Australian Sales	Total Australian Industry Sales	Dumped Imports	Imports from Taiwan	Other countries	Total Imports	Total Market
FY03	100	100	100	100	100	100	100	100
FY04	69	76	70	135	97	186	136	95
FY05	64	77	66	412	201	160	228	128
FY06	56	59	56	418	198	138	220	119
FY07	52	29	48	513	283	91	260	130
FY08	62	21	55	700	197	85	257	132
FY09	41	5	35	734	95	55	207	101
FY10	70	5	59	763	121	59	226	123
FY11	66	5	55	738	18	55	174	101

*Source : Australian Bureau of Statistics HTISC 8708 70 91 78 and ROH confidential appendix A6.***Notes :**

- * Sales to Mitsubishi Motors Australia Limited excluded – see page 51.
- 1. The above data consists of ROH's ARWS sales and import volumes under HTISC code 8708709178, whereas the Australian Bureau of Statistics (ABS) import statistics will include some steel wheels of a kind used as components in passenger motor vehicles.
- 2. The growth in imports from China is evident and ROH contends that the bulk of imports from China are ARWs the subject of this application.
- 3. The data for "Other countries" comprises ABS import clearance data for France, Germany, Hong Kong, Indonesia, Italy, Japan, Malaysia, Philippines, Singapore, Thailand and USA. ROH considers that exports of ARWs from any other countries would be negligible or nil.

*Arrowcrest Group – Aluminium Road Wheels from PRC – Part A***Indexed table of market share.**

	ROH sales excluding MMAL	Other Australian sales	Total Australian industry sales	Imports from China	Imports from Taiwan	Other countries	Total imports	Total market
FY03	51	11	62	8	17	14	38	100
FY04	37	9	45	11	17	27	55	100
FY05	25	6	32	24	27	17	68	100
FY06	24	5	29	27	28	16	71	100
FY07	21	2	23	30	37	10	77	100
FY08	24	2	26	40	25	9	74	100
FY09	21	1	21	55	16	7	79	100
FY10	29	0	30	47	17	7	70	100
FY11	33	1	34	56	3	8	66	100

Source : Australian Bureau of Statistics HTISC 8708 70.91.78 and ROH confidential appendix A6.

Since 2003, the Australian industry's market share has contracted by around 45%, whilst the share for imported wheels from China has increased by 732%.

The ABS data also shows that, over the same period, the average price for wheels from China has fallen by 48%, whilst the rest-of-the-world price for the major component in making an ARW, i.e. aluminium, has increased by 80%. (See also A-9 2.3 *Prices and prices suppression*, page 43 of this Part A.)

It is little wonder that the Australian industry's share has suffered such severe contraction, when its domestic market has been saturated with ARWs imported from China at dumped and subsidised prices.

*Arrowcrest Group - Aluminium Road Wheels from PRC - Part A***A-5 Applicant's sales.****1. Complete appendix A3 (sales turnover).**

ROH has completed Confidential Appendix A3 for the period 2002 to March 2011.

2. Use the data from appendix A3 (sales turnover) to complete these tables.

Indexed table of Applicant's sales quantities, excluding MMAL volumes.

FY03	FY04	FY05	FY06	FY07	FY08	FY09*	FY10	FY11
100	69	64	56	52	62	41	70	66

* Global financial crisis period.

Indexed table of Applicant's sales values (turnover)

FY03	FY04	FY05	FY06	FY07	FY08	FY09*	FY10	FY11
100	67	59	53	58	64	38	56	53

* Global financial crisis period.

XXXXXXXXXXXXXXXXXXXX decision in 2009/10 to switch more of its Australian production away from ROH steel wheels to ROH ARWs, does not, in real terms, make up the ground lost to ARWs from China.

3. Complete appendix A5 (sales of other production) if you have made any:

- internal transfers; or
- domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.

ROH does not import the like goods for resale nor does it on-sell purchases of like goods from another Australian manufacturer.

Between 2006 and 2009 ROH did import painted and chrome plated ARWs from its overseas division located in the Philippines (ROHP). ROH had intended that ROHP would sell into the US market however this overseas facility could not compete in the US market with prices for ARWs from China so the facility was subsequently shut down in 2009.

ROH has therefore completed Confidential Appendix A5.

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It should be noted that the cost of labour in the Philippines is comparable to the cost of labour in China. In the absence of dumping, as well as the numerous subsidies available to manufacturers of ARWs in China, ROH contends that it would not have been possible for ARWs from China to undercut ROHP on an ex-works, FOB or FIS basis.

4. Complete appendix A4 (domestic sales).

ROH has completed Confidential Appendix A4 for ROH Automotive (Light Metal division) and ROH Wheels Australia.

XXX deduct various percentage rebates or prompt payment discounts prior to payment of their monthly account with ROH Wheels Australia – see A-5.8 below. ROH will provide evidence of these deductions during the verification visit to ROH.

There are no discounts, rebates or other charges deducted at the time of invoicing individual sales transactions. These columns have therefore been removed from Confidential Appendix A4. Similarly there is no add-on charge for packaging.

Freight is included on the invoice where charged.

5. If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.

ROH does not have any sales to associated companies of the goods the subject of this application.

6. Attach a copy of distributor or agency agreements/contracts.

ROH distributes ARWs nationally from its manufacturing facility in Woodville North, South Australia, and from its branch warehouses located in Queensland, New South Wales, Victoria and Western Australia. Distribution is complimentary with ROH's national aftermarket distribution of steel wheels for four wheel drive passenger and heavy transport vehicles.

7. Provide copies of any price lists.

ROH's wholesale price list and price lists/contracts with specific customers are included at Confidential Attachment A-5.2.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

8. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.

- Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).
- If you have issued credit notes (directly or indirectly) provide details if the credited amount has not been reported appendix A4 (domestic sales) as a discount or rebate.

ROH Wheels Australia has for several years agreed to the following month-end rebate / prompt payment discounts :

Amount paid FY11

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

These are the only ROH customers who enjoy rebates or discounts. In each case, the participating companies deduct the agreed percentage from their monthly account prior to payment of their account. Deduction is from their total monthly expenditure excluding gst with ROH Wheels Australia. (See also "Corporate Tyre Chains" at page 20, and "Tyre Retailers" at page 21.)

ROH Automotive (Light Metal division) does not pay any rebates or offer any settlement discounts to any of its customers.

9. Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.

A complete set of commercial documentation for two domestic sales in each quarter of the period covered by Confidential Appendix A4 has been included at Confidential Attachment A-5.9.

A-6 General accounting/administration information.

1. Specify your accounting period.

ROH's financial year is 1 July to 30 June.

2. Provide details of the address(es) where your financial records are held.

ROH's financial records are held at its Woodville North office.

3. To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:

- chart of accounts;
- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);
- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.

These documents should relate to:

1. the division or section/s of your business responsible for the production and sale of the goods covered by the application, and
2. the company overall.

The following documents are provided in Confidential attachment A-6.3 :

- Audited annual reports for FY09 and FY10 for the company overall. The audited annual report for FY11 will be available mid-November 2011.
- Chart of accounts for ROH Light Metal and ROH Wheels Australia, the two divisions responsible for production and sales of ARW's.
- Internal management accounts that are prepared and maintained in the normal course of business for the goods, for FY09, FY10 and FY11.

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- If your accounts are not audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

ROH's accounts are audited annually. ROH's auditors are Ernst & Young.

4. If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.

Arrowcrest's accounts are maintained in accordance with Australian generally accepted accounting principles.

5. Describe your accounting methodology, where applicable, for:

- The recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;

Income is recognised at the time of shipment.

Discounts, rebates or sales returns are recognised at the time they are incurred.

Warranty is provided for based on monthly sales levels. Warranty claims are taken direct to the provision.

Profit and absorption from interdivisional transfers is taken up in the divisional accounts but is eliminated at company level.

- provisions for bad or doubtful debts;

Doubtful debts are provided for based on monthly sales levels. Bad debts are written off direct to the provision.

- the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;

Expenses are allocated according to the source and nature to cost centres.

Corporate expenses and revenues including interest are not allocated to cost of goods.

Production divisions are charged a management fee for services provided by corporate but this is eliminated at company level.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

- **costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;**

ROH adopts the standard costing method for product costing, with costs allocated on the basis of material content (kg's, litres), labour content (output rate) and overhead content (available annual working hours and output rate).

Calculation of profit and loss is based on absorption costing.

- **the method of valuation for inventories of raw material, work-in-process, and finished goods (eg FIFO, weighted average cost);**

Inventory is valued at standard cost.

- **valuation methods for scrap, by-products, or joint products;**

Scrap is measured and then costed at the available market rate.

Work-in-progress is valued at standard cost per the bill of materials for finished goods.

- **valuation methods for damaged or sub-standard goods generated at the various stages of production;**

Rework is valued at the lower of work-in-progress at standard cost, excluding the costs of rework.

Rework costs are not included in the valuation of stock and for profit calculation purposes rework costs are not included in absorption at standard cost.

Product not able to be reworked is treated as scrap. Scrap is valued at the lower of work-in-progress standard cost that coincides with the level of finish achieved.

- **valuation and revaluation of fixed assets;**

The majority of fixed assets are recorded at cost. Some minor exceptions are recorded at valuation.

Land and buildings are regularly considered but are rarely re-valued.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

- **average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;**

Assets are depreciated over the estimated useful life of each asset using a straight line depreciation basis.

- **treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and**

Foreign exchange gains and losses from transactions are recorded as costs of the transactions and are taken direct to account at the time they are incurred.

Balance sheet translation gains and losses are taken direct to reserves at the time they are incurred.

- **restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.**

Restructuring costs, costs of plant closures and plant shut downs are recognised at the time they are incurred and taken direct to profit and loss but not reflected in standard costs.

Idle equipment is not depreciated.

6. **If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.**

ROH's accounts have not altered over the period covered by this application, unless required to by Australia's Accounting Standards.

A-7 Cost information

1. **Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.**

ROH has completed Confidential Appendices A6.1 and A6.2 for the locally manufactured ARWs.

A-8 Injury

1. Estimate the date when the material injury from dumped imports commenced.

Material injury commenced from FY 2003.

2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model and grade of your production.

Index of production variations (volume)

FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
100	69	56	50	48	55	32	57	53

ROH production volumes have tracked in line with its declining sales volumes.

Index of cost variations (per piece)

FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
100	106	106	108	123	121	137	98	104

ROH has managed its costs, including via restructuring, as market share, sales volumes, sales turnover and profitability have all declined.

Index of price variations (per piece)

FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
100	101	104	101	118	115	114	98	99

ROH has fought to maintain its prices, albeit with price reductions in its aftermarket ARWs, rather than compounding its losses in market share, sales volumes, sales turnover and profitability.

Index of profit variation

Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	FY11
100	24	34	0	24	12	-78	58	18

ROH has managed its costs, including via restructuring, as market share, sales volumes, sales turnover and profitability have declined.

*Arrowcrest Group – Aluminium Road Wheels from PRC – Part A***Index of Profitability variations (% profit on sales turnover)**

FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
100	36	59	-1	41	18	-203	103	33

ROH's profitability has declined with lost market share and lost sales volumes which have in turn been replaced with imported ARWs from China.

Manufacturing overhead cost per wheel

FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
100	79	63	57	60	59	41	56	58

ROH's overhead cost per wheel has decreased via restructuring and via a lift in ARW volumes in FY10.

Selling & admin cost per wheel

FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
100	83	61	56	33	58	39	39	38

ROH's selling and administration cost per wheel has decreased via restructuring.

3. Complete appendix A7 (other economic factors).

ROH provides its employment data for the full period of injury.

Employment (total headcount including contractors)

FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
100	83	72	61	70	54	35	50	51

ROH's Australian employment has decreased in direct proportion to its loss of production volumes, sales volumes, market share and sales turnover - being a direct result of the relentless increase in market share and sales volumes of ARWs from China.

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ROH provides the following other economic factors for the last 12 months of injury.

Assets

	P20 Jun-10	P21 Sep-10	P22 Dec-10	P23 Mar-11	P24 Jun-11
Like goods	100	105	101	102	95
Other production	100	105	105	94	123
Total	100	105	102	100	100

Capital investment

	P20 Jun-10	P21 Sep-10	P22 Dec-10	P23 Mar-11	P24 Jun-11
Like goods	100	10799	7104	7933	5266
Other production	100	82	33	27	0

XX
 XX
 XX
 XX
 XX
 XXX

R & D Expense

	P20 Jun-10	P21 Sep-10	P22 Dec-10	P23 Mar-11	P24 Jun-11
Like goods	100	14	268	64	272
Other production	100	0	0	287	0

Revenue

	P20 Jun-10	P21 Sep-10	P22 Dec-10	P23 Mar-11	P24 Jun-11
Like goods	100	88	92	81	73
Other production	100	119	80	148	74

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Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

Return on investment

	P20 Jun-10	P21 Sep-10	P22 Dec-10	P23 Mar-11	P24 Jun-11
Like goods	100	42	39	30	53
Other production	100	107	57	186	86

Capacity

	P20 Jun-10	P21 Sep-10	P22 Dec-10	P23 Mar-11	P24 Jun-11
Like goods	100	103	89	94	93
Other production	0	0	0	0	0

Capacity utilisation

	P20 Jun-10	P21 Sep-10	P22 Dec-10	P23 Mar-11	P24 Jun-11
Actual production like goods	100	90	99	83	83
Actual production (other)	0	0	0	0	0

Productivity

	P20 Jun-10	P21 Sep-10	P22 Dec-10	P23 Mar-11	P24 Jun-11
Like goods	100	87	81	78	82
Other production	0	0	0	0	0

Stocks

	P20 Jun-10	P21 Sep-10	P22 Dec-10	P23 Mar-11	P24 Jun-11
Opening stock	100	122	124	90	93
Plus production	100	89	86	77	69
Less domestic sales	100	89	89	78	67
Less export sales	0	0	0	0	0
Less transfers	100	105	97	68	91
Less other	100	33	362	372	800
Closing stocks	100	102	74	76	90

Note : ROH built safety stocks in P22 and P23 to allow it to replace its heat-treatment solution oven over the Christmas shut-down.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

Cash flow measures

	P20 Jun-10	P21 Sep-10	P22 Dec-10	P23 Mar-11	P24 Jun-11
A/C Receivable	100	113	81	112	91
Receivable turnover	100	67	100	67	67
Inventory turnover	100	79	95	98	80

Wages

	P20 Jun-10	P21 Sep-10	P22 Dec-10	P23 Mar-11	P24 Jun-11
Like goods	100	94	98	106	92
Other production	100	101	93	100	100
Average wage (like goods)	100	94	98	105	92
Average wage (other production)	100	101	85	91	84
Average wage (all production)	100	94	97	104	92

XX

A-9 Link between injury and dumped imports.

To establish grounds to initiate an investigation there must be evidence of a relationship between the injury and the alleged dumping. This section provides for an applicant to analyse the data provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.

1. Identify from the data at appendix A2 (Australian market) the influence of the volume of dumped imports on your quarterly sales volume and market share.

In this section A-9.1, ROH notes the following :

Steel wheels from China.

- ROH understands that several wheel distributors in Australia are now importing white 8 spoke "Sunraysia" steel wheels from China.
- Referring to ROH volumes for these wheels, ROH estimates these steel wheel volumes from

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

China at around 70,000 pieces per annum since around 2009.

- It is not possible to isolate the value of these steel wheel volumes from the import data provided by the Australian Bureau of Statistics (ABS). Accordingly, no adjustments have been made to the ABS data for volumes or prices from China under HTISC code 8708.70.91.78 .

Steel wheels from Taiwan and/or Thailand.

- The ABS data for Taiwan and/or Thailand might include some steel wheel volumes.
- It is not possible to isolate steel wheel volumes from the import data provided by the Australian Bureau of Statistics (ABS). Accordingly, no adjustments have been made to the ABS data for volumes or prices from Taiwan or Thailand under HTISC code 8708.70.91.78 .

Imports from "Other Asia".

- ROH has included the following countries in "Other Asia" data : Hong Kong, Indonesia, Japan, Malaysia, Philippines, Singapore and Thailand.
- ROH considers that ARWs from any other countries would be negligible or nil.

Imports from Taiwan are shown separately.

- ROH has reported Taiwan clearances separately from other countries.
- ROH notes that some ARW exporters whose headquarters are located in Taiwan have manufacturing facilities located in China. Some import clearances for Taiwan may therefore be of Chinese origin.

Imports from the Republic of Korea are not included in other countries.

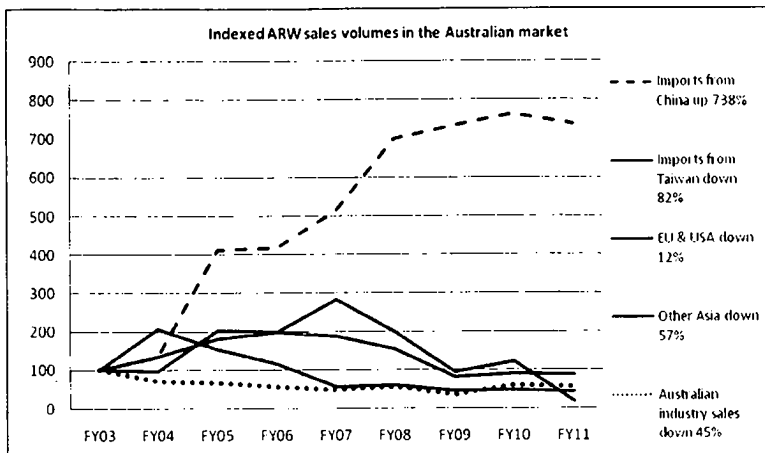
- ROH understands that imports from the Republic of Korea are predominantly, if not entirely, steel wheels from Austem for General Motors Holden and therefore not of concern in this application.

Volumes for Mitsubishi Motors Australia Limited.

- Mitsubishi Motors Australia Limited (MMAL), ceased Australian production of passenger motor vehicles in 2008.
- ROH has removed MMAL's OEM volumes from all of the following analyses, from 2003 to date, so as to properly represent the injury factors arising as a result of the dumped and subsidised ARWs from China.
- MMAL volumes have been removed from both the total volumes for the Australian industry and from the individual volumes for ROH. See also A-9.6, page 50.

*Arrowcrest Group – Aluminium Road Wheels from PRC – Part A***1.1 Volumes.**

The influence of the volume of dumped imports on the Australian industry's domestic sales volumes and market share is verifiable, as shown in the following graph.



Source : Australian Bureau of Statistics HTISC 8708 70.91.78 and ROH confidential appendix A2.

Table A-9 1.1 Sales volumes in the Australian market.

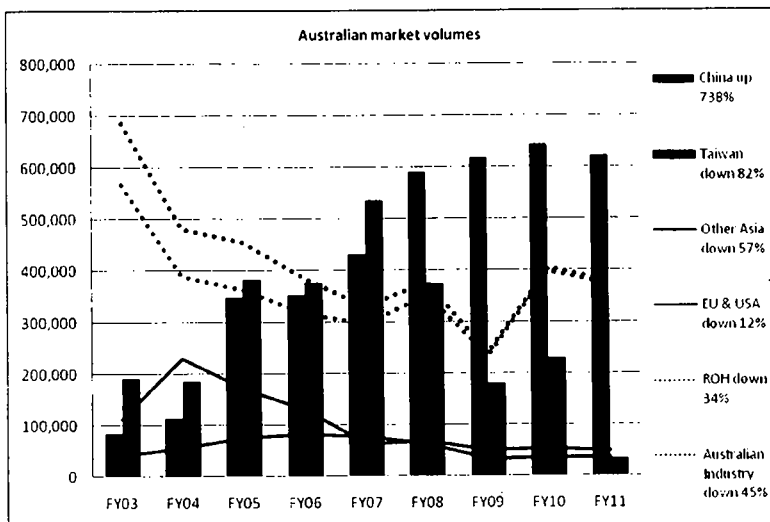
	FY03	FY11	Change
China	84469	623150	738%
Taiwan	189505	33397	(82)%
EU & USA	111611	48105	(57)%
Other Asia	41263	36262	(12)%
Australian industry	684716	379525	(45)%
Total	1111564	1120439	101%

Since 2003, Australian industry volumes have fallen 45% whilst import volumes from China have increased 738%. Dumped and subsidised ARWs from China have also displaced ARWs previously imported from other countries, including Taiwan and Thailand.

In addition to the decline in ROH sales volumes and market share, Chinese import volumes have displaced local production by Mullins Wheels and the bulk of local production by the only other remaining Australian ARW manufacturer, Performance Wheels.

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Whilst the indexed data accurately describes the rapid growth in exports of ARWs from China to Australia, it is essential to also understand the overall market volumes. The following graph clearly demonstrates the switch in volumes away from the Australian industry in favor of dumped and subsidised ARWs from China.



Source : Australian Bureau of Statistics HTISC 8708 70.91.78 and ROH confidential appendix A2.

Since 2003, the Australian industry's volumes have fallen from around 680,000 ARWs per annum to around 378,000 ARWs per annum. Over the same period, the volumes for dumped and subsidised ARWs from China have increased from approximately 85,000 ARWs per annum to approximately 623,000 ARWs per annum on the back of an apparent 48% fall in the average export price from China – see also page 42 of this Part A.

ROH contends that the continuous increase in import volumes from China accounts for :

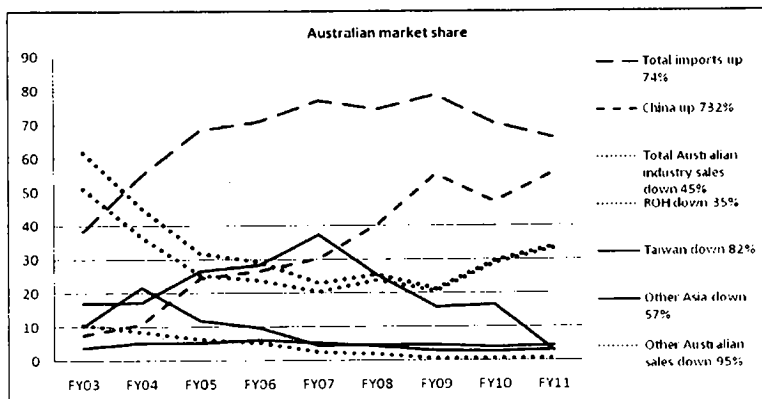
- ROH's injury ie. 47% loss of OEM production and 89% loss of its' aftermarket production and sales volumes ; and
- the loss of Australian production of ARWs when Mullins Wheels, South Australia, switched to importing its ARWs from China in 2008/09; and
- supplementary imports of ARWs from China by Performance Wheels, South Australia, in a bid to survive.

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ROH notes again that some Taiwanese ARW exporters have manufacturing facilities located in China and that some import clearances for Taiwan may in fact be of Chinese origin.

1.2 Market share.

The following graph compares the import volume market share for ARWS from China with shares for the Australian industry, ROH, Taiwan and other countries. ROH estimates that the Australian industry has lost 45% of its Australian market share whereas the market share held by Chinese imports has increased by around 732% since 2003.



Source : Australian Bureau of Statistics HTISC 8708 70.91.78 and ROH confidential appendix A2.

Table A-9 1.2 Market share.

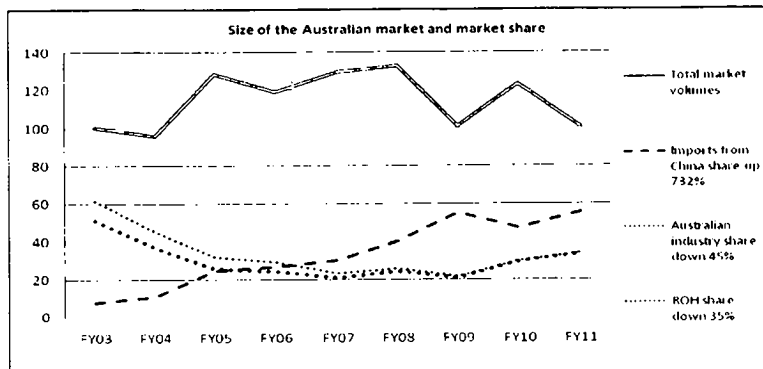
	FY03	FY11	Change
China	7.6%	55.6%	732%
Taiwan	17%	3%	(82)%
EU & USA	10%	4.3%	(57)%
Other Asia	3.7%	3.2%	(14)%
Australian industry	61.7%	33.9%	(45)%
Total	100%	100%	100%

Since 2003, Australian industry market share has fallen 45% whilst the market share of ARWs from China has increased 732%. Dumped and subsidised ARWs from China have also displaced ARWs historically imported from other countries, including Taiwan and Thailand.

*Arrowcrest Group – Aluminium Road Wheels from PRC – Part A***1.3 Inability to capture growth in an expanding market.**

Data from both the ABS and ROH suggests that the Australian market for ARWs experienced some contraction between 2003 and 2009, attributable mainly to the global financial crisis.

However the data also indicates that the Australian market for ARWs has experienced growth in 2010, (22% up on 2003), and again in 2011, (8% up on 2003).



Source : Australian Bureau of Statistics HTISC 8708.70.91.78 and ROH confidential appendix A2.

Conversely, Australian industry volumes have not grown in this period and ROH contends that the Australian industry is suffering additional injury in the form of its' inability to capture growth in a growing market, being a direct result of the ever increasing volumes of ARWs from China at dumped and subsidised prices.

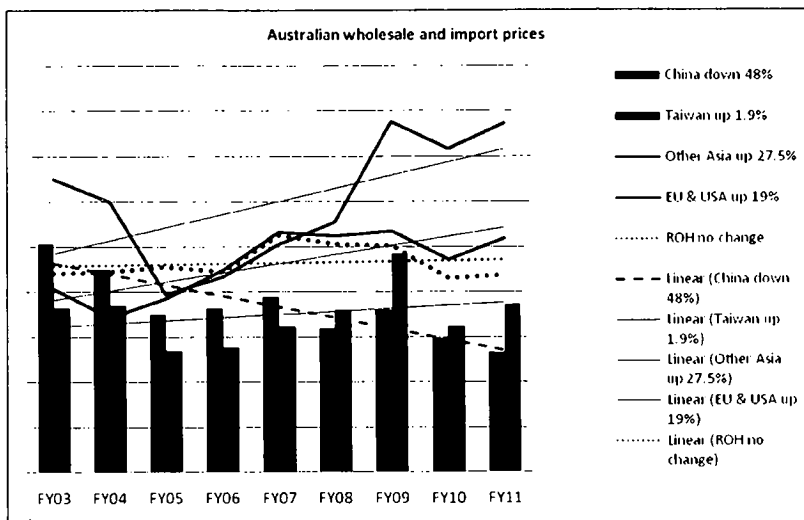
The Australian market for ARWs has not disappeared. Rather, the Australian industry's volumes and market share have been replaced by imports of ARWs from China - a fact that is borne out by the ABS data for HTISC code 8708.70.91.78.

As noted in the recent EU determination for ARWs from China, at (143), "it is not unreasonable to conclude that if it had not been for the economic crisis, the volumes and market share of Chinese imports would have increased even more." Indeed following the economic crisis, exports of ARWs from China to Australia have done just that.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

2. Use the data at appendix A2 (Australian market) to show the influence of the price of dumped imports on your quarterly prices, profits and profitability provided at appendix A6.1 (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.

2.1 Australian wholesale and import prices.



Source: Australian Bureau of Statistics HTISC 8708 70 91 78 and ROH confidential appendix A6.

In stark contrast to the increasing prices from other countries, prices for ARWs from China have fallen year-on-year despite significant increases in the costs of aluminium, energy and labour.

Table A-9 2.1 Prices for imported wheels.

	FY03	FY11	Change
China	101.3	53.1	(48)%
Taiwan	72.72	74.15	2%
EU & USA	129.81	154.44	19%
Other Asia	81.28	103.7	28%

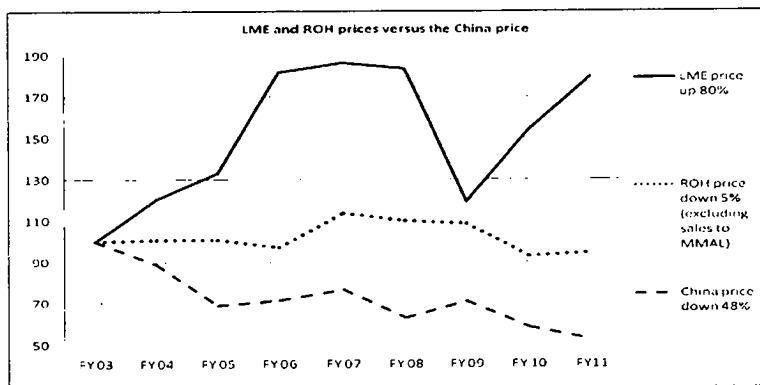
Since 2003, prices for ARWs from China have fallen by 48%, whereas prices for ARWs from traditional sources have increased in the order of 19% to 28%.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

The 48% fall in prices for ARWs from China has allowed the exporters to buy significant market share in Australia, thereby gaining significant volumes to the detriment of the Australian industry.

2.3 Prices and price suppression.

Average selling prices for ROH have not tracked the rise and fall in rest-of-the-world LME prices for primary aluminium, as would be expected, due to the presence and influence of the continuously declining Chinese import prices which have declined by 48% since 2003. For example, ROH would reasonably have expected the selling prices for ARW's to be at higher levels in 2010 due to the 80% increase in the key raw material aluminium since 2003, as evidenced in graph below. Chinese FOB export prices have suppressed ROH's selling prices since 2003.



Source: Australian Bureau of Statistics HTISC 8708.70.91.78, ROH confidential appendix A6 and www.metalprices.com.

Table A-9 2.3 Prices and price suppression – the China price relative to global raw material costs.

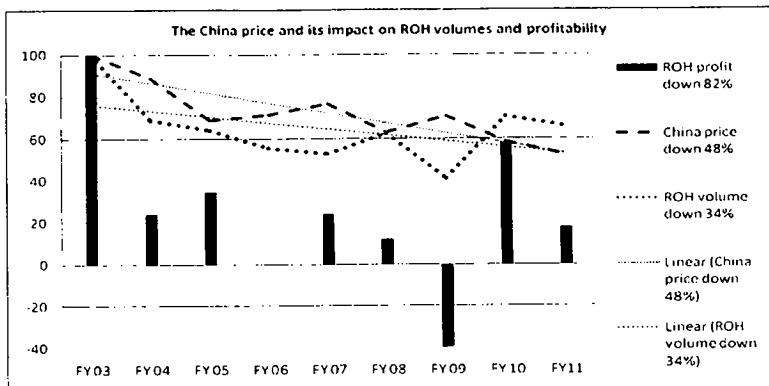
	FY03	FY11	Change
LME price (kg)	\$1.42835	\$2.5644	180%
China ARW export price	\$101.30	\$53.10	(48)%

Whilst the rest-of-the-world's LME price for aluminium has increased by 80% over the past eight years, the export price for ARWs from China has fallen by 48%.

ROH contends that the presence of ARWs from China at dumped and subsidised prices has suppressed prices for the Australian industry, contributing to its demise as a result of declining volumes, profits and profitability.

*Arrowcrest Group – Aluminium Road Wheels from PRC – Part A***2.4 Profit and profitability.**

The significant increase in import volumes from China coincides with decreasing prices for ARWs from China which in turn have directly impacted ROH's production and sales volumes (in addition to the price suppression identified in (1) above) and hence its profit and profitability.



Source : Australian Bureau of Statistics HTISC 8708 70.91.78 and ROH confidential appendix A6.

Confidential Appendix A6 confirms the extent of these losses. ROH contends that there is sufficient available evidence to conclude that dumped and subsidised ARWs from China are the root cause of the injuries sustained by the Australian industry. ROH highlights with Customs and Border Protection that its' improved profit in 2010 is a direct consequence of ROH's own "self-help" initiatives (see below at A-9.3) that have been achieved by cost reductions, coupled with the all-important increase in volumes.

It is clear that the material injury experienced by ROH and the Australian industry commenced well before the presence of any other factors such as the global financial crisis in 2008/2009.

2.5 Price undercutting.

Importers of dumped and subsidised ARWs from China enjoy substantial margins of profit on sales enabling them to offer terms of trade to the exclusion of the Australian industry.

For example, in 2006/07 ROH ceased trading directly with Beaurepaires as a result of declining a demand for around 15% month-end rebate payable to Beaurepaires and 60 days payment terms from their parent South Pacific Tyres. ROH understands that Beaurepaires was able to secure these terms from Mullins Wheels and Speedy Wheels, both of whom import their ARWs from China.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

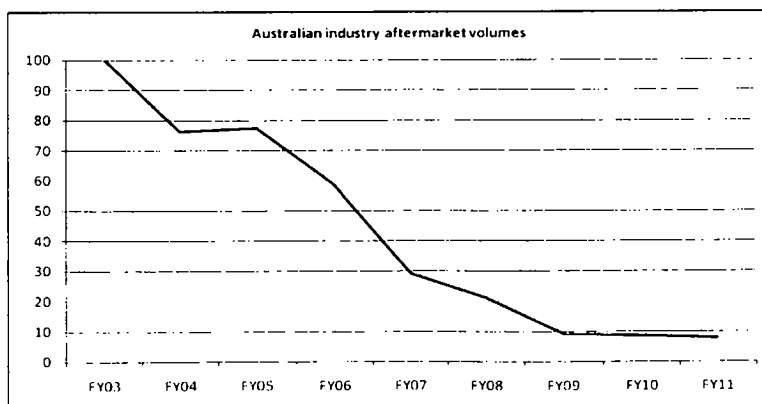
Similarly, in 2008/09 ROH was removed from Bob Jane Corporation's "preferred supplier" list because ROH could not agree to a 20% month-end rebate on sales turnover to Bob Jane T-Marts. ROH understands that Mullins Wheels, Speedy Wheels, PDW, XHP Wheels and Ox Wheels have agreed to these terms, each of whom import their ARWs from China.

The dumping margins for Chinese ARWs are substantial and are reflected in price undercutting experienced by ROH at key negotiations. For example, on 23 November 2010, XXXXXXXXXX advised ROH that XXXX had accepted an offer for 15" ARWs that was AUD\$40.00-50.00 cheaper than ROH's quoted price. ROH had supplied wheels to XXXXXXXXXX for at least ten years, including from the first launch of their class-leading XXXX model. A deductive export price of US\$50.21 is derived by ROH for YHI Australia's 15" silver ARWs imported from YHI China for supply to XXXXXXXXXX. (See also Confidential Attachment B-2.1.1.)

Similarly, on 27 November 2009, XXXXXXXXXX advised ROH that XXXX had received an offer for 16" ARWs from China that was 30% below ROH's quoted price.

Whilst XXXX has not taken up the offer, the "China price" has been used by car companies and others to extract price concessions from Australian component manufacturers since at least 2003. The resulting uncertainty in the component sector about whether or not contracts will be abandoned or at best not renewed - in favour of Chinese components - has led to a general hesitation to reinvest beyond the short term, in itself threatening the future of component manufacturing in Australia.

In the aftermarket sector, the Australian industry has lost substantial ground to Chinese ARWs. The extent of price undercutting is self evident in the lost sales volumes and lost market shares. The following graph shows the decline in aftermarket volumes since 2003.



Source : ROH confidential appendix A6.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

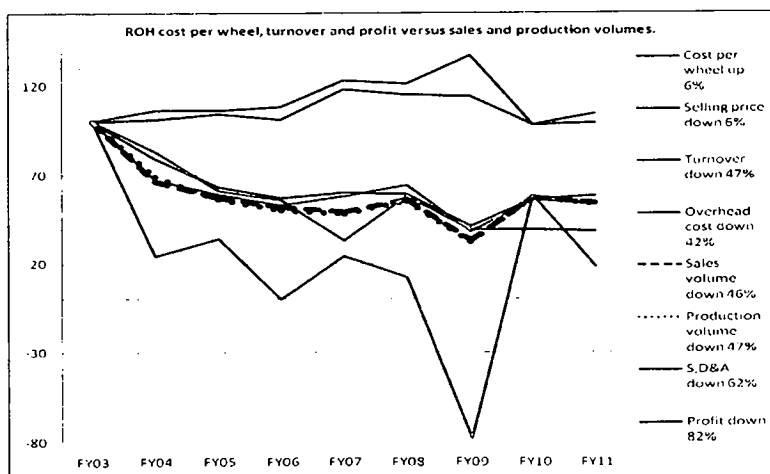
It is in the aftermarket sector that the injury has hit hardest, leading to the cessation of manufacturing at Mullins Wheels and virtually all of the production at Performance Wheels, in addition to 89% loss in volumes for ROH in this sector.

Dumped and subsidised Chinese exports have caused material injury to ROH in the form of price suppression, price depression and price undercutting (as cited in two key examples), resulting in reduced profits and profitability.

3. Compare the data at appendix A2 (Australian market) to identify the influence of dumped imports on your quarterly costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).

ROH's cost to make and sell consists of variable and fixed costs. Over the injury period ROH has moved to mitigate its losses via restructuring its operations, including employee headcount, and by ensuring that its expenses are commensurate with its production and sales volumes and selling prices.

ROH cost per wheel and therefore its profit and profitability are dependent on volume throughput. As seen earlier, dumped and subsidised imports of ARWs from China has resulted in 46% loss of sales volumes for ROH which, in turn, has impacted on its unit cost to make and sell as well as its profits and profitability - as shown in the following graph.



Source: ROH confidential appendix A6.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

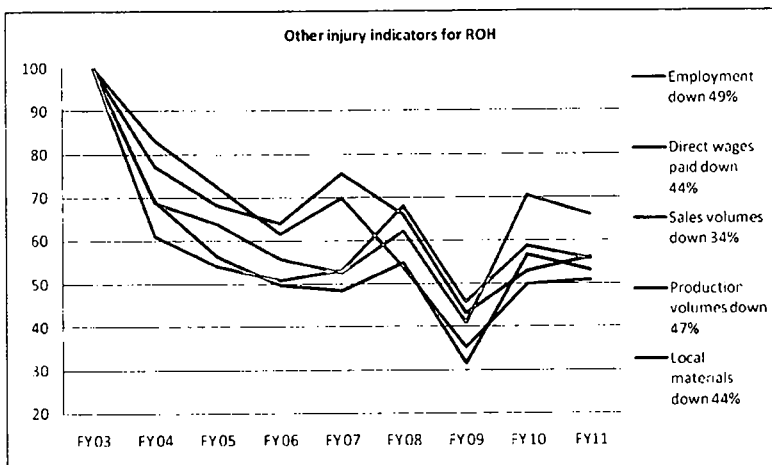
Whilst ROH cost to make and sell (CTMS) has closely followed its production and sale volumes, its profitability is volume dependant with particular regard to recovery of fixed overheads, including increasing utility supply charges and wages. It is clear that ROH has lost profitability as its production and sales volumes have fallen as a direct result of the prices for increasing volumes of dumped and subsidised ARWs from China.

ROH has managed its costs, including via restructuring, whilst its market share, sales volumes, sales turnover and profitability have all declined. ROH concludes that it has reacted quickly and appropriately to changes in its circumstances which are directly attributable to ARWs from China at dumped and subsidised prices. Of particular concern however, is the uncertainty associated with the volumes of Chinese ARWs in the Australian market, clearly placing at risk the company's ability to continue local production.

The injuries suffered by the Australian industry is the direct result of the relentless price undercutting by ARWs from China such that fair trade in Australia is prevented by imports of ARWs from China at prices that have been dumped and subsidised. The losses incurred by the Australian industry will continue to flow seamlessly through to its' suppliers and to the Australian economy in terms of further loss of jobs, skills, security, taxation and sustainability.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

4. The quantity and prices of dumped imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped imports on these factors and where applicable use references to the data you have provided at appendix A7 (other economic factors). If factors other than those listed at appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.



Source: ROH confidential appendix A6.

ROH records the following additional injury indicators:

Employment

In addition to Mullins Wheels ceasing local production and severe contraction at Performance Wheels, ROH has lost 49% of its predominantly South Australian employment in a State where current unemployment levels are 10% higher than the national average and where manufacturing employment is the lowest of the capital cities, excluding Tasmania.

The loss of manufacturing jobs in South Australia is a reflection of the growth in imports over the past decade, predominantly of Chinese origin.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

Direct wages paid	Direct social contribution in the form of wages, insurances and payroll taxes for ROH has fallen 44% since 2003. ROH contends that the losses at Mullins Wheels and Performance Wheels would be comparable, if not higher.
Local material purchases	ROH expenditure on locally produced Australian materials has similarly fallen by 44%. It follows that the Australian industry's uptake and employment at downstream suppliers has diminished as rapidly as volumes for ARWs from China have risen.

Since 2003, ROH has lost 47% of its sales revenue, (excluding MMAL), and as a result it has been forced to reduce its workforce by 49% as its sales volumes and market share have declined.

The reductions in these indicators have coincided with the rapid increase in imports of Chinese ARWs into Australia. Between 2003 and 2007, ROH's profit and profitability declined in consecutive years. Over this period, the company's return on investment, cash flow, ability to raise capital and the level of re-investment in its manufacturing operations also suffered.

The improvement apparent in ROH's profits in 2010 is attributed to the company reducing its production costs, including the number of employees, and Toyota's switch in volumes from steel wheels to alloy wheels. However there has not been any real improvement in sales volumes or market share at this time as dumped and subsidised imports continue to undercut ROH's selling prices and volumes remained suppressed. ROH considers that current levels of profit are inadequate and that material injury can also be evidenced in declines in each of the following economic indicators:

- Reduced return on investment;
- Reduced cash flow;
- Reduced employment;
- Inability to attract investment; and
- Reduced level of re-investment in the industry.

5. Describe how the injury factors caused by dumping and suffered by the Australian industry are considered to be 'material'.

ROH considers that the impact of dumped and subsidised ARWs from China on its operations and the Australian industry is substantial and material.

The loss of 47% of turnover for ARWs, 46% reduction in sales volumes and the loss of 49% of its workforce are considered to constitute significant material reductions in key economic indicators for the purposes of assessing injury to any Australian industry.

Arrowcrest Group – Aluminium Road Wheels from PRC -- Part A

The reduction in ROH's profitability is also a key indicator that has deteriorated materially as Chinese ARW imports have increased, from a level of return of 6% in 2003, to negative and inadequate levels in the most recent years.

Injury to the Australian ARW industry can be measured beyond ROH's financial performance. ROH understands that Mullins Wheels ceased its ARW production in Australia in 2008/09 and switched to importing Chinese ARWs. Performance Wheels is believed to have shifted some of its volumes to Chinese supply. The impact of dumped and subsidised Chinese ARWs has had a material and demonstrable impact on the Australian industry since 2003, which continues to the present time.

ROH estimates that, excluding ARWs fitted to imported motor vehicles, the Australian market for ARWs in 2010 was 23% up on 2003. This level of growth is significant, yet the Australian industry has been unable to secure any of the increased volumes represented by the market growth. Since 2003, ROH has lost 35% of its market share and 47% of its sales turnover, whilst import volumes of ARWs from China have increased by 738%.

- 6. Discuss factors other than dumped imports that may have caused injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping.**

ROH has cited the closure of the Mitsubishi motor vehicle plant in Adelaide in 2009 as impacting the company's sales. This impact, however, is considered to be dwarfed by the growth in Chinese ARW exports to Australia since 2003.

Demand for ARWs in Australia was impacted by the global economic downturn. However, the ABS data shows that Chinese ARW exports, due to the dumping and subsidisation, have recovered at a much faster rate than ROH's volumes or market share, following the end of the economic downturn.

ROH has noted the comments of the European Commission in its recent dumping investigation into Chinese ARWs exported to the EU. The Commission highlighted that, in the event the recent global economic downturn did not occur in late 2008, it was likely that Chinese ARW exports would have continued to increase market share in the EU.

ROH considers that a similar same assessment can be made of the recent growth in Chinese ARW exports to Australia. ROH considers that the EU determination would only encourage exporters of ARWs from China to look with renewed intensity at other markets, including Australia, in order to continue to satiate their capacity and desire for market domination.

*Arrowcrest Group – Aluminium Road Wheels from PRC – Part A***Effect of the closure of Mitsubishi Motors Australia Limited (MMAL)**

The closure of MMAL's Australian production accounts for the following declining share of ROH sales volumes and turnover :

	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10
Percentage of sales volume	18%	15%	8%	13%	13%	9%	0%	0%
Percentage of sales turnover	14%	11%	6%	12%	12%	9%	1%	0%

Australian production by MMAL ceased in FY08.

MMAL ARW volumes fell from 127,864 wheels in FY03 to 93 wheels in FY10.

During this period ROH has restructured appropriately.

There are no other material factors other than those identified above that have caused injury to the Australian ARW industry in recent times.

7. This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped imports, forecast their impact on your industry's economic condition. Use the data at appendix A2 (Australian market), appendix A6 (cost to make and sell), and appendix A7 (other economic factors) to support your analysis.

Prices for dumped and subsidised ARWs from China significantly undercut prices for Australian-made ARWs.

Customers of the Australian industry have used prices of ARWs from China to negotiate lower prices from the Australian industry and in many instances the Australian industry has been unable to match prices of the imported ARWs and has therefore lost sales volume. The reduced volumes and prices have led to consequently reduced viability for ROH, the cessation of production at Mullins Wheels and the apparently imminent cessation of production at Performance wheels.

Exports of ARWs from China will continue to be at dumped or subsidised prices in the future and continued dumping or subsidisation will cause further material injury to the Australian industry.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

The GOC's "Report on the Implementation of the 2008 Plan for National Economic and Social Development and on the 2009 Draft Plan for National Economic and Social Development" (www.GOV.cn, March 5, 2009), clearly states :

"Nine million jobs should be created for urban residents...Exports will continue to grow steadily; We will become better able to effectively distribute resources globally. Reaching this target is not only a practical necessity to ensure economic growth and employment, but also an important condition for restructuring the economy and raising its level of performance. As long as we seize favorable opportunities presented to us in the course of adjusting the international division of labour...we will be able to constantly increase the economy's capability to compete internationally...and expand its international market share."

The report continues *"we will adopt a combination of well-coordinated measures...to protect and develop key industries, such as the steel, automobile, shipbuilding, petrochemical, textile, non-ferrous metals, equipment manufacturing, electronic information and light industries, as well as leading enterprises and name brands and their market shares (emphasis added).*

We will take more effective measures to support development of small and medium-sized enterprises. We will provide them with finance guarantees and interest subsidies, and increase the amount of government funds earmarked for them, with the central government funding for supporting their development to be raised from 3.9 billion yuan to 9.6 billion yuan.

We will promptly improve policies and measures to ease major difficulties of export-oriented enterprises.

We will carry out a more vigorous employment policy. We will make full use of the important role of ...small and medium-sized enterprises and the non-public sector in creating jobs.

We will rectify and standardise the market order. We will exercise rigorous oversight and control on prices and charges directly affecting people's lives..."

It is evident that the Government of China ("GOC") continues to encourage export growth for key industries including the non-ferrous metals industry, of which ARWs are a product. The artificially low prices that exist in China occur as a direct consequence of the GOC's policies to support and promote manufacturing in China, with sales targeted on export markets.

The growth in Chinese ARWs exported to Australia since 2003 reflects the GOC's intention to increase domestic employment by expanding Chinese manufacturing for encouraged industries and utilising artificially low prices to secure sales on export markets.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

ROH notes that a key objective of the GOC's 12th Five-Year Plan, released in March 2011, is the creation of 45,000,000 new jobs by 2016 - predominantly via new domestic infrastructure projects and continued growth in the volume of exports of its manufactured goods.

Meanwhile the Australian ARW industry has experienced a dramatic deterioration in volumes, market share, reduced profits and profitability, losses in employment and investment in the industry. ROH can demonstrate material injury caused by the dumped and subsidised imports in each of the following:

- Lost sales volumes
- Lost market share;
- Lost revenues;
- Price depression;
- Price undercutting;
- Price suppression;
- Lost profits and profitability;
- Reduced return on investment;
- Reduced employment;
- Reduced re-investment in the industry.

In addition, it can be evidenced that the dumping and subsidisation has caused the loss of Mullins Wheels local production of ARWs and has also been influential in the downturn in production at Performance Wheels.

ROH has experienced material injury from the growth in Chinese ARW exports to Australia since 2003. The impact on a volume-dependent manufacturer is material. Dumping and countervailing measures are required to address the unfair advantage available to Chinese ARW exports that significantly undercut the Australian industry's selling prices for locally made ARWs.

8. Injury indicators FY10, FY11 and FY12.

ROH records the following injury indicators for FY11.

8.1 – Price suppression – XXXXXXXXXXXX.

See also : Confidential Attachment B-2.1.1 and Part B, page 59.

On 18 March 2010, ROH confirmed prices for ARWs to XXXXXXXXXXXX
XX
XX
XXXXX.

Arrowcrest Group – Aluminium Road Wheels from PRC -- Part A

During the tender process, XXXXXX XXXXXXXXXX presented ROH with a quotation from China for their XXX XXXX XXXXXX XXX ARW and requested that ROH close the gap between the ROH quoted price (A\$XX.XX) and the China price (A\$XX.XX). XXXXXX expectation was that similar cost-down would then be applied by ROH to its' quoted prices for the new XXX ARWs.

Albeit that ROH is embarking on several initiatives to continue to reduce the cost of manufacturing ARWs in Australia, ROH has suffered price suppression as a result of the China price, such that ROH's prices for the new XXXXXXXX wheels are XXXXX than the prices for the current XXXXXXXX wheels they replace.

The following table shows the extent of price suppression for the new model heavier wheels.

Table 8.1 – Australian dollars

ARW size	New model price at current model economics	New model price after price suppression	Difference in price	Quoted annual volume	Annual impact on sales turnover as a result of price suppression
XX	\$XX.XX	\$XX.XX	(\$X.XX)	XXXXXX	(\$XXXXXX)
XX	\$XX.XX	\$XX.XX	(\$X.XX)	XXXXXX	(\$XXXXXX)
XX	\$XX.XX	\$XX.XX	(\$X.XX)	XXXXXX	(\$XXXXXX)
XX	\$XX.XX	\$XX.XX	(\$X.XX)	XXXXXX	(\$XXXXXX)
Totals				XXXXXX	(\$XXXXXX)

The annual impact on sales turnover represents a reduction of 3% of FY11 sales turnover for ARWs for ROH.

8.2 – Price undercutting resulting in loss of business – XXXXXX XXXXXXXXXX.

See also : Confidential Attachment B-2.1.1 and Part B, page 36.

On 28 September 2010, ROH quoted to supply new wheels for the XXXX XXXX, being an important styling facelift for this popular model. ROH quoted \$XXX.XX for a silver XX wheel and \$XXX.XX for a silver XX wheel, excluding gst.

ROH had supplied wheels to XXXXXX XXXXXXXXXX for at least ten years, including from the first launch of their class-leading XXXX model. For example, ROH had supplied 6,078 (pieces) 15" wheels for XXXX in 2008 and 3,282 (pieces) 15" wheels for XXXX in 2010. The piece price for these wheels in both years was \$XXX.XX plus gst.

Arrowcrest Group – Aluminium Road Wheels from PRC – Part A

As noted at page 58 of Part B, on 23 November 2010, XXXXXX XXXXXXXXXX advised ROH that XXXXXX had accepted an offer for the XX ARWs that was AUD\$XX.XX-XX.XX cheaper than ROH's quoted price. The accepted offer was made by YHI Australia and ROH believes the wheel is made in one of the two factories YHI operates in China.

Based on the 2010 volumes that ROH supplied to XXXXXX for the XXXX model, ROH calculates that as a result of price undercutting by YHI, ROH has lost around \$XXXXXX in annual sales turnover and \$XXXXXX in annual gross profit.

8.3 – Further injury in the aftermarket for ROH ARWs in FY11.

As a result of the continuing export volumes and price pressure from ARWs imported from China, ROH has suffered further injury in its aftermarket ARW business, as follows :

Table A-9.8.3

	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Sales quantity	100	80	77	89	88	80	70	75
Sales turnover	100	80	75	88	86	75	68	71
Average selling price	100	100	98	99	98	96	97	94

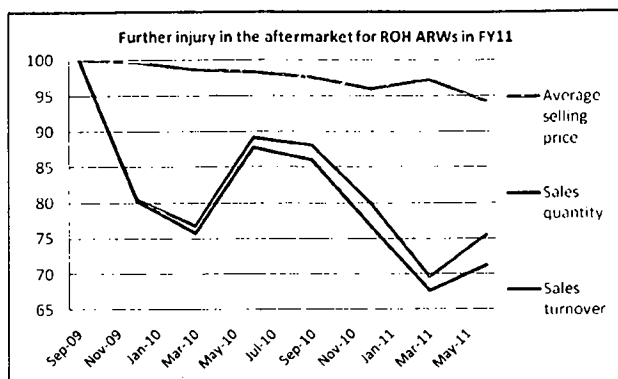
Confidential data is available, as follows. See also Confidential Attachment "B108 Appendices A1 to B2".

	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Sales quantity	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Sales turnover	\$XXXXX	\$XXXXX	\$XXXXX	\$XXXXX	\$XXXXX	\$XXXXX	\$XXXXX	\$XXXXX
Average selling price	\$XXX.XX	\$XXX.XX	\$XXX.XX	\$XXX.XX	\$XXX.XX	\$XXX.XX	\$XXX.XX	\$XXX.XX

Since the first quarter of FY10, ROH has suffered further injury as follows :

- Additional 25% loss of ARW sales volumes ;
- Additional 29% loss of ARW sales turnover ;
- Additional 6% price suppression.

Arrowcrest Group - Aluminium Road Wheels from PRC - Part A



Source : ROH general ledger accounts.

8.4 – Loss of XXX ARW business from September 2011.

On 21 June 2011, XXXXXXXXXXXXXXXX (XXX), advised ROH that for a period of up to 12 months, commencing from September 2011, XXX would cease purchasing its' high volume XXXXXXXXXXXX alloy wheels from ROH. XXX would instead import a replacement wheel from Taiwan.

XXX advised that the replacement wheel will be cheaper than the current wheel manufactured and supplied by ROH and indicated that in future the target for ROH for this size wheel is a price reduction in the order of 30% to 40%.

The level of price reduction indicated by XXX would price this size wheel at around the export price level for XX ARWs from China. As noted elsewhere in this application, several Taiwanese wheel companies operate manufacturing facilities in China. As a result, ROH considers that the replacement wheel may be made in China and supplied via a Taiwanese "shopfront".

ROH calculates its' loss in Australian dollars, as follows :

Table A-9.8.4

Size	FY11 volume	FY12 volume	Selling Price	Gross margin	Loss of sales turnover	Loss of gross margin
20x8"	XXXX	XXX	\$XXX.XX	\$XX.XX	(\$XXXXXX)	(\$XXXXXX)
20x9.5"	XXXX	XXX	\$XXX.XX	\$XX.XX	(\$XXXXXX)	(\$XXXXXX)
Totals					(\$XXXXXXX)	(\$XXXXXX)

*Arrowcrest Group - Aluminium Road Wheels from PRC -- Part A***8.5 – Summary of loss indicators in FY10, FY11 and FY12.**

The continuing and worsening injury is not confined solely to ROH.

ROH understands that Performance Wheels' production has reduced to one production shift per day and its local product range has been cut back extensively. ROH is aware that Performance is now seeking to sell surplus machinery and may be unable to work a full month in production of its Australian made ARWs.

ROH submits that it has provided sufficient evidence to conclude that injuries arising from dumped and subsidised ARWs, exported from China to Australia, have continued and worsened over the past twelve months.

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