



19 December 2011

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

Dear Ms Reid,

DUMPING AND SUBSIDY INVESTIGATION - ALUMINIUM WHEELS FROM CHINA

On behalf of our client Mullins Wheels Pty Ltd ("Mullins") we submit that in its examination of the question of whether dumped and/or subsidised imports of aluminium wheels from China have caused material injury to Arrowcrest Group Pty Ltd ("Arrowcrest"), Customs should separate the effects of imports entering original equipment (OE) and aftermarket (AM) sectors of the Australian market for the goods under investigation (GUI).

Mullins imports the GUI from China for supply to the AM sector only and is of the definite view that its imports and other imports entering the AM sector did not cause material injury to Arrowcrest during the investigation period ("IP").

Customs' investigation will establish that OE and AM are distinct market sectors that must be distinguished in injury/causation analysis. It will establish that different factors have impacted on Arrowcrest's economic performance in each sector during the injury analysis period. We will be making submissions in respect of these other factors throughout the course of the investigation. The purpose of this submission is to stress the importance of making the distinction between the two market sectors in injury/causation analysis.

Production, sales and marketing and logistic differences between OE and AM sectors include the following:

OE Market

- Increased engineering and technical support
- Regular representation by senior management persons only
- No advertising or promotion required
- Low pressure casting method - suited to high volume production runs of each separate wheel
- Normally high volume supply of each part number for several years of OEM vehicle model life
- Stringent quality control and dedicated quality assurance staff to maintain records to specified compliance level

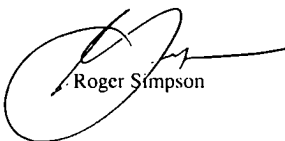
- Low pressure tooling requirement and OEM customers are normally charged for tooling
- Compared to aftermarket there is very little new tooling required
- Generally bulk packaging to OEM specification
- Wheels normally dispatched directly to OEM with little or no stockholding
- Very few customers but intensive level of service required
- Credit control cost is minimal - terms are agreed by contract

Aftermarket

- Warehouses, state managers, and sales and marketing staff in strategic locations - Australia wide
- Significant operating cost for each warehouse and sales office – including vehicles for state managers and sales representatives.
- Intensive representation on a state by state basis - thousands of aftermarket clients
- Increased intra-state freight cost to get wheels to state warehouses for sale to customer
- Appropriate stock levels, sales and warehouse staff and expertise required at each capital city warehouse location to provide prompt, efficient service to customers' needs
- Significant separate wheel packaging required, to protect wheels mainly sold in single sets of 4, which are transported mainly by road Australia wide to aftermarket clients.
- Credit control cost is substantial
- Consistent advertising and promotion to influence end user purchasing decision making process
- Regular catalogue distribution with new designs for distribution to retailers
- Magazine advertising of current or new wheel designs
- Sophisticated website presence with fitment information updated regularly
- Targeted brand promotion at significant events
- Provide display wheels and display stands for a large number of key clients
- Provide various other display and promotional material at points of sale
- This sector demands regular new design releases to appeal to the discretionary spend consumer
- Regular tooling investment to match new design releases in a multitude of sizes for many different vehicle fitments
- Low volume production runs from each tool – meaning that gravity casting method is predominantly used
- Engineering and technical support for aftermarket is not as intensive as the OEM sector

We expect this matter to be the subject of in-depth discussion during Customs' importer visit.

Yours sincerely,



Roger Simpson