



ARROWCREST
GROUP

Public File Version

4 April 2012

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

Dear Joanne,

Reference : Arrowcrest response to Primal Alloy Wheels & Tyres Pty. Ltd. visit report dated March 2012.

I refer to the references in the visit report to claims made by Primal Alloy Wheels & Tyres Pty. Ltd. (Primal), during Customs visit on 31 January 2012, in relation to like goods.

1. Like goods.

Whilst Arrowcrest does not manufacture ARWs solely for caravans and trailers, the Australian ARW industry does supply the Australian caravan and trailer industry, albeit at substantially reduced volumes due to imports of ARWS from China at dumped and subsidized prices.

The processes and technologies required to produce ARWs for caravans and trailers are the same as those required to produce ARWs for passenger and 4wd motor vehicles, albeit that vehicle manufacturers might have varying standards and specifications for the ARWs fitted to their vehicles.

The Australian industry supplies ARWs to the standards and specifications required for this industry.¹

¹ See Arrowcrest response to Versus submission, dated 21 February 2012.

For example, Arrowcrest's wet spray clearcoat finish surpasses its automotive customers' specifications for exposure to alkalinity, salt, humidity, gasoline, adhesion and chipping. If requested, Arrowcrest will provide Customs with its confidential OEM quality and performance standards for ARWs painted with wet spray paints.

Arrowcrest has also manufactured and supplied ARWs fitted with steel inserts, including for caravan and 4wd applications. It is Arrowcrest's experience that a steel insert is typically used in wheels produced using the Gravity Die Casting method, (GDC), but not in wheels using the Low Pressure Die Casting method. As noted in Arrowcrest's submission dated 21 February 2012, the GDC method typically results in "spongier", less dense material in the finished ARW. Arrowcrest has the facility to fit metal inserts if and when required.

Arrowcrest tests its ARWs to numerous industry standards, including the Australian standard AS1638. Arrowcrest also tests to SAE, JIS and ISO standards.

Arrowcrest produces ARWs to specific and various wheel offsets, widths and bolt patterns (PCD) including for caravan and trailer fitment. It is increasingly common that buyers of caravans and trailers look for interchangeability of ARWs between the towing and towed vehicles. For this reason, Arrowcrest's 4wd ARWs are fitted to some manufacturers' off-road camper/caravan trailers. Caravan and trailer manufacturers in Australia have, since at least the early 1970s, also used Arrowcrest's and others' 4wd steel wheels for the same reason.

2. Brief history.

Since Holden introduced the first FJ, Arrowcrest's OEM steel wheels have been used by the Australian caravan and trailer industry.

With the advent of decorative steel wheels for 4wd vehicles in the early 1970's, the caravan and trailer industry has adopted decorative steel wheels (made by the Australian industry and imported by wheel wholesalers), in addition to the plainer OEM steel wheels.

Performance Wheels then introduced its series of ARWs for the caravan and trailer industry which were used extensively on the premium models produced by each of the major caravan and trailer manufacturers, including successful adoption by the boat trailer industry.

Since around 2003, the trend to fit ARWs to caravans and trailers has been driven in part by the development of more luxurious and highly specified caravan and trailer models, but also significantly driven by the availability of ARWs from China at dumped and subsidized prices.

For example, one of Australia's leading caravan manufacturers (Jayco Caravans), switched almost exclusively to ARWs from China in 2006/07. Prior to the switch, Arrowcrest had supplied 14" steel wheels to Dunlop Tyres (South Pacific Tyres) and to Tyres 4U, for supply with tyres to Jayco. Mr. John Utch of Primal was at that time the O.E. Sales Manager for South Pacific Tyres.

3. Interchangeability.

We note here that :

1. ARWs for passenger and 4wd vehicles are like goods to ARWs for caravans and trailers and in many circumstances ARWs for passenger and 4wd vehicles are completely interchangeable with ARWs for caravans and trailers;
2. Interchangeability is only limited by a specific stud pattern, hub offset or load capacity for a caravan or trailer that might not be similar or identical to a specific stud pattern, hub offset or load capacity for a passenger or 4wd ARW; and
3. In any event the Australian industry can and does produce ARWs for fitment to caravans and trailers.

4. Opportunity for circumvention of measures.

Many caravans and trailers use ARWs whose fitment specifications are identical or sufficiently similar to ARWs for passenger vehicles, including 4wd vehicles. Arrowcrest has provided evidence to this effect.

For this reason and in order to prevent any circumvention of measures, ARWs for caravans and trailers must be included in any determination for ARWs imported at dumped and subsidized prices from China.

5. Observations made by Performance Wheels.

Please refer to the attached letter from Performance Wheels in relation to their losses arising as a result of ARWs from China at dumped and subsidized prices.

6. Conclusion.

It is the Australian industry's experience that the unfair price advantage is so attractive that a majority of caravan and trailer manufacturers who previously purchased the Australian industry's wheels, in particular from Arrowcrest and Performance wheels, (both steel and ARW), now directly import their wheel requirements from China and/or source ARWs made in China from independent importers including Primal.

Yours sincerely,



Bill Davidson
General Manager



ALLOY WHEELS
ABN 73 679 045 072
www.performancewheels.com.au

5th April 2012

Bill Davidson
General Manager of ROH

Performance Wheels introduced a range of alloy wheels in 1996 for a new market being boat trailers, horse float & the caravan industry.

A special design of wheel was made which was easily identifiable for this range. The strength of these wheels were equivalent to wheels made for passenger and 4WD vehicle. At the peak of our sales we were producing approx 6000 wheels per month for this market.

Our total sales were as follows

Passenger & 4WD vehicles	7000 unit per month
Motorcycle wheels	6000 unit per month
Trailer & caravan wheels	5000 unit per month
Total	18000 wheels per month

We employed a total of 73 employees between 1996 and 2007. After this date our market was affected by imports initially from Indonesia & Thailand then China. From 73 employees we are down to 17 employees at present eventually we had to consider importing wheels from China to keep the company solvent. We could import a wheel into Australia totally finished for less than making a casting before heat treatment – machining – painting packaging not to mention all other charges etc.

We lost most of the trailer and caravan market to Primal in Victoria and Allied Wheels and Koya Wheels in Queensland.



SOUTH AUSTRALIA
60 KIRKLAND AVENUE
NORTH PLIMPTON SA 5037
PH (08) 8294 3455
FAX (08) 8294 1926
EMAIL: sales@performancewheels.com.au

VICTORIA
42 JACKIE STREET
DANDENONG VIC 3175
PH (03) 9706 4244
FAX (03) 9706 6922

NEW SOUTH WALES
772 STANTON ROAD
SEVEN HILLS NSW 2147
PH (02) 9674 3234
FAX (02) 9624 2154

QUEENSLAND
UNIT 147 OVERLORD
PLACE, ACACIA RIDGE QLD
4110
PH (07) 3272 0067
FAX (07) 3272 0811

TASMANIA
138 WELLINGTON STREET,
LAUNCESTON TAS 7250
PH (03) 6331 1333
FAX (03) 6334 6454

WESTERN AUSTRALIA
5 EYRE STREET,
RIVERVALE WA 6103
PH (08) 9478 3333
FAX (08) 9478 4000

The motorcycle wheels also ended up in China. The passenger & 4WD wheels have been decimated by imports from China so what more is there to say.

Governments are never responsible for their actions. The members of parliament that introduced the free trade conditions are long gone and enjoying their enormous super and fringe benefit, while most manufacturing industries have been destroyed.

For any body who reading this statement please note Australian made wheels are superior and stronger than similar or copied wheels form overseas.

A handwritten signature in black ink, appearing to read 'Ed Sanders', with a stylized flourish at the end.

Ed Sanders