



ARROWCREST  
GROUP

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23 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 Roger D. Simpson & Associates letter dated 16 April 2012.**

We refer to the submission from Roger D. Simpson & Associates (Simpson) dated 16 April 2012, which contains their claim "Arrowcrest's below standard quality", in reference to GM-Holden. This claim placed on the public file by Simpson is untruthful and defamatory and accordingly should be removed from the public file.

We also note that Simpson is presenting similar arguments as in previous submissions, which are not supported by evidence. Simpson's arguments about Arrowcrest's supply position (quality, capability, sales and marketing, etc.), represent mere assertions and fabrications and similarly are not supported and must be dismissed.

The European Commission has already found that ARWs from China to the OEM and AM segments of the European market are at dumped prices and Customs has verified that, since 2003, the Australian industry's sales and market share has declined whilst exports of ARWs to Australia from China have increased over 700%, at prices that undercut the Australian industry's prices to the OEM and AM segments of the ARW market in Australia.

Customs has made the preliminary determination that Arrowcrest has suffered injury during the investigation period in the form of lost sales volumes, price depression, price suppression, reduced profits and profitability. Additionally, Arrowcrest has experienced injury in the form of reduced return on investment, reduced capacity utilization and reduced employment.

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Customs has verified that Arrowcrest's sales volumes in the aftermarket have reduced more sharply than in the OEM segment, with a 90% reduction in volumes since 2003, and a 16.5% reduction in 2011 off an already reduced base.

The sole reason for an increase in Arrowcrest's OEM volumes in 2010 was a (confidential business decision). In real terms this (confidential business decision) disguises the injuries incurred by Arrowcrest and other members of the Australian industry, including in the AM segment.

Arrowcrest's injury in the AM is substantial. Arrowcrest's AM turnover in 2003 (\$xxxxm), represented xx% of its ARW business that year, compared to 2011, by which time Arrowcrest's AM turnover (\$xxm), had contracted to just xxx% of its ARW business.

Arrowcrest has however also experienced injury in its loss of business with Suzuki Australia and Holden Special Vehicles (HSV), its price suppression at Toyota and its inability to secure contracts with GM-Holden, all of which have occurred as a result of having to compete with ARWs from China at dumped and subsidized prices.

The contention that Toyota's downturn in production from 2008 will have brought significant price pressure on Arrowcrest's sales to Toyota from that time is incorrect. (Confidential commercial matter.)

Arrowcrest has not attributed the closure of Mitsubishi or the effects of the GFC to exports from China. Arrowcrest does however point out that during the GFC exports of ARWs from China at dumped and subsidized prices continued to increase whilst exports to Australia from other countries as well as the Australian industry's volumes (and car industry volumes) decreased.

Arrowcrest has not said that the loss of Ford and GM-Holden business was because of exports from China. Rather, Arrowcrest has said that it is the presence of ARWs from China at dumped and subsidized prices that prevents Arrowcrest from competing fairly for business in the OEM and AM segments at unsuppressed prices. Exports of ARWs from China at dumped and subsidized prices cause and threaten to cause continued injury to the Australian industry producing ARWs.

Simpson correctly states that there are many factors that have caused injury to the Australian industry, and Customs has verified Arrowcrest's A6 data in support of its injury claims.

Customs has verified from Arrowcrest's A6 data that whilst the closure of Mitsubishi and the GFC did have an impact on Arrowcrest's production and sales, Arrowcrest quickly scaled back and restructured its operations to mitigate those impacts. It is also clear that those impacts are not the cause of the Australian industry's substantial and ongoing losses in the AM segment.

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Simpson however confuses cause and effect. Evidence submitted by Arrowcrest clearly shows that Arrowcrest's impaired ability to service the AM segment, for example, is the result and not the cause of the restructuring that only became necessary as a direct result of lost sales volumes coinciding with substantial and increasing volumes of ARWs from China at dumped and subsidized prices. Arrowcrest's restructuring does not pre-date the injury.

For the sake of expediency, Arrowcrest notes that it has already responded to each of the other spurious claims repeated by Simpson in relation to Ford, GM-Holden, HSV, Versus and PDW Australia.

Yours sincerely,

  
Bill Davidson  
General Manager