



ARROWCREST
GROUP

Public file version

28 May 2012

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

Dear Joanne,

Reference : Aluminium Road Wheels exported from China – Comments re Submission on behalf of Government of China of 18 May 2012 re SEF181.

I refer to the submission by Moulis Legal on behalf of the Government of China (GOC) dated 18 May 2012.

The submission "objects" to the preliminary findings contained in SEF181 concerning a particular market situation for ARWs sold in China. It is further stated that the GOC would be "severely concerned" by any recommendation to the Minister to impose anti-dumping and countervailing measures based on the findings of Customs.

Arrowcrest takes this opportunity to reject the assertions made on behalf of the GOC, namely:

- (i) The factors upon which a finding of a particular market situation was made in relation to ARWs in China "are irrelevant";
- (ii) The assumptions relied upon by Customs in examining the economic impact of government influence on sales of raw material aluminium and aluminium alloy in China (in order to conclude a particular market situation for ARWs in China) are "unscientific, unconventional, and unrealistic"; and
- (iii) That there is no "new" or "different" information available to Customs to support a "particular market situation" finding when contrasted with Customs' previous finding on aluminium extrusions (REP148).

Arrowcrest submits that it included information in its application for anti-dumping and countervailing measures on ARWs exported from China that demonstrated *prima facie* evidence of government influence on raw material primary aluminium pricing in China. Arrowcrest demonstrated that the Chinese domestic price for primary aluminium and aluminium alloy was below prevailing prices external to China. Arrowcrest pointed also to the recent European Commission finding (of 25 October 2010) on

Page 1 of 2

Public file version

ARWs exported from China that concluded raw material aluminium prices were not free from GOC influence. It is noted by Arrowcrest that the EC's decision on ARWs exported from China in October 2010 followed Customs' SEF decision on aluminium extrusions in March 2010.

Information available in the public domain indicated that Chinese primary aluminium prices were at levels significantly below prevailing prices on the global market.

The EC finding on ARWs was supportive of Arrowcrest's claims as detailed in its application.

Customs has assessed the market for ARWs in China and concluded that there is evidence to support a finding of government influence on raw material aluminium and aluminium alloy prices in China. As the aluminium (and/or aluminium alloy) represents a significant proportion of the cost of an ARW (i.e. greater than 60 per cent), it is reasonable for Customs to conclude that the selling price for ARWs in China is impacted and that *"this influence has resulted in significantly different ARW prices to what would have been the case if the relevant markets operated without significant GOC intervention"*.

Arrowcrest notes that the GOC has raised that the findings in SEF181 *"pose serious risk to the trading relations between Australia and China"*. Arrowcrest anticipates that Customs will have regard to the matters relevant to its recommendations to the Minister in respect of the goods under consideration.

The GOC has suggested that Customs has "misunderstood" the GOC's representations about public bodies in this inquiry and the investigations conducted in Inquiry No.175. Arrowcrest does not propose to debate the observations and findings of Customs in earlier findings. However, SEF181 details grounds to establish a link between the State invested Enterprises and the execution of the GOC's economic policies and objectives in relation to the Chinese aluminium industry.

Finally, Arrowcrest does not agree with the GOC's viewpoint that much of the information relied upon in SEF181 was "not referred" to the GOC for clarification. The public record indicates that the GOC was provided sufficient opportunity to respond to questions and clarifications raised by Customs.

Arrowcrest does not consider that the representations on behalf of the GOC in its 18 May 2012 submission would lead Customs to alter its views as outlined in SEF181. Arrowcrest therefore requests Customs to recommend to the Minister that dumping and countervailing measures be applied to exports of ARWs from China to Australia.

Yours sincerely



Bill Davidson
General Manager