



**Australian Government**  
**Australian Customs Service**

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REPORT NO. 132

CONSIDERATION OF AN APPLICATION FOR THE  
REVIEW  
OF ANTI-DUMPING MEASURES

CERTAIN STEEL DEMOUNTABLE TUBELESS  
TRUCK WHEEL RIMS

REPUBLIC OF SOUTH AFRICA

Date: 31 October 2007

## **1 BACKGROUND**

Anti-dumping measures, in the form of a price undertaking, applying to certain steel demountable tubeless truck wheel rims (truck wheel rims) exported from the Republic of South Africa (South Africa) were initially imposed by the then Minister for Justice and Customs (the Minister) following consideration of Anti-Dumping Authority Report No. 187 of May 1998.

The undertaking was continued for a further five years after Ministerial consideration of Trade Measures Report No. 69 dated 28 April 2003. The undertaking is due to expire on 24 June 2008.

On 2 August 2007 Customs published a notice, in accordance with s. 269ZHB of the *Customs Act 1901* (the Act) (references to any section or subsection shall be references to sections or subsections of the Act), in *The Australian* newspaper notifying the expiry date.

On 2 October 2007 Arrowcrest Group Pty Ltd (Arrowcrest), the sole producer of truck wheel rims in Australia, applied for the measures to be continued.

Subsequent to its application to continue the measures, Arrowcrest on 11 October 2007 applied for a review of the measures under s.269ZA(1)

The anti-dumping measures applying to truck wheel rims have not been the subject of a review since the original measures took effect in 1998.

The Chief Executive Officer of Customs (CEO) must examine the application and decide whether to reject, or not reject, the application (see s.269ZC(1)). S.269ZC(2) specifies the matters to be considered in relation to an application. These matters are:

- whether the application complies with s.269ZB; and
- whether there appear to be reasonable grounds for asserting either:
  - (i) that the variable factors relevant to the taking of the anti-dumping measures have changed; or
  - (ii) that, if the anti-dumping measures to which the application relates had not been taken, the Minister would not be entitled to take such action.

If the CEO is not satisfied in respect of each of these matters the review application must be rejected. If the CEO decides not to reject the application, the CEO must publish a notice indicating that it is proposed to review the measures covered by the application.

These matters are examined in the following sections of this report.

## **2 GOODS, LIKE GOODS and AUSTRALIAN INDUSTRY**

### **2.1 The goods subject to the measures**

The goods subject to anti-dumping measures are 8.25" x 22.5" steel demountable tubeless truck wheel rims which are primarily used on heavy transport vehicles.

Truck wheel rims are an assembly of a moulded steel rim and a steel adaptor bar. The latter is a formed band welded to the rim against which the cast wheel or 'spider' on the vehicle's axle mates. The rim is held in place by clamps on the outer edge of the adaptor bar.

The tariff classification of the goods as advised in the original investigation in 1998 was subheading 8708.70.99, statistical code 71, in Schedule 3 of the *Customs Tariff Act 1995*. In July 2000 the statistical code was changed from 71 to 81. The general rate of duty is 5%.

Following consideration of the available information, Customs now considers that the goods are more appropriately classified to subheading 8708.70.99, statistical codes 80 as well as 81 in Schedule 3 of the *Customs Tariff Act 1995*. The general rate of duty is 5%.

## **2.2 Australian industry producing like goods**

S.269T(4) specifies that the Australian industry consists of the producer or producers of like goods in Australia.

In previous inquiries Customs found that Arrowcrest was the sole producer of like goods to the goods under consideration and, as such, Arrowcrest comprised the Australian industry. Arrowcrest claims that this is still the case.

Arrowcrest is a privately owned Australian company that commenced manufacturing and supplying parts in 1947 for the developing motor vehicle industry. It manufactures truck wheel rims at its Woodville North factory in South Australia. Arrowcrest claims to be one of South Australia's largest companies. (Arrowcrest's website provides further details about the company and products, including truck wheel rims).

S.269T(1) defines "like goods" as follows:

"like goods", in relation to goods under consideration, means goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.

In the 2002/03 inquiry Customs found that Arrowcrest manufactured the 'Rohdmate' truck wheel rim which competed in the marketplace with the 'Roadking' rim exported from South Africa. Arrowcrest advised in its application for the review that it continues to manufacture the 'Rohdmate' truck wheel rim. The company's website provides details, including pictures, about the range of 'Rohdmate' products.

On the basis of the evidence available, Customs considers for the purpose of initiation that there are reasonable grounds for concluding that Arrowcrest produces like goods to the goods exported from South Africa to Australia in terms of s.269T(1).

## **3 COMPLIANCE WITH S.269ZB(1)**

S.269ZB(1) specifies that an application under s.269ZA(1) must:

(a) be in writing; and

- (b) be in an approved form; and
- (c) contain such information as the form requires; and
- (d) be signed in the manner indicated in the form.

Sections 269ZB(2), (3) and (4) cover procedural matters in relation to lodgement of the application.

Arrowcrest's application is in writing and provides the information required by the approved form, Form B602 (10/00) and s.269ZB(2). In particular the application includes:

- a description of the kind of goods to which the measures the subject of the application relate; and
- a description of the measures the subject of the application; and
- a statement of the opinion of the applicant concerning the variable factors relevant to the taking of the measures that have changed; and
- the amount by which each factor has changed; and
- the information that establishes the changed amount.

The form has been signed by the general manager and two confidential copies and two non-confidential copies of the application were provided. The non-confidential version adequately reflected the reasons for seeking a review of the measures.

The application lodged by Arrowcrest satisfies the requirements of s.269ZB(1).

## **4 REASONABLE GROUNDS**

This section of the report examines whether there appear to be reasonable grounds for asserting that the variable factors relevant to the taking of the measures have changed.

The relevant variable factors are the normal value, the export price and the non-injurious price (NIP).

Arrowcrest claims that the normal value and the NIP have changed since the measures were first introduced in 1998.

### **4.1 The applicant's claims**

Arrowcrest stated that hot rolled coil steel prices have risen substantially since the original anti-dumping investigation in 1998. In addition there have been increases in labour costs of about 4% per annum. The company provided financial data from its own operations demonstrating these cost changes.

Arrowcrest also provided pricing data demonstrating steady price increases in the Australian market across the period since 1998 as the company endeavoured to recover these additional costs. The company claims that the unsuppressed selling price, and non-injurious price, have increased considerably since the original investigation.

Arrowcrest contends that Guestro would also have been subject to these same cost pressures in relation to its own production of truck wheel rims. Arrowcrest

produced a report from an international price monitoring company (non-confidential attachment 1) that indicated global steel prices have risen substantially since 1997; in Europe by 96.6%; in the USA by 51.3%; and in Asia by 48.6%. Arrowcrest claimed that these cost increases would have increased Guestro's normal value.

#### **4.2 Assessment of the applicant's claims**

The price undertaking was accepted following a consideration of the variable factors in the original investigation in 1998. A change in the variable factors, following a review, may lead to a change in the level of the price undertaking.

Arrowcrest provided evidence that indicates that costs and prices of truck wheel rims increased significantly in Australia since 1998. This would impact the company's unsuppressed selling price and the NIP.

As well as evidence based on its own data, Arrowcrest provided international indices that showed global steel prices have increased at rates greater than, or similar to, the increases in Australia.

Customs considers that it is reasonable to assume that steel prices in South Africa would have risen by similar amounts, and that these increased prices would have flowed onto the users of steel, such as Guestro.

Since the normal value for Guestro, last calculated in 1998, was based on cost of production these cost increases may be expected to have affected the normal value. It would also be reasonable to conclude that the export price would be affected by the cost increases.

### **5 CONCLUSION ON "REASONABLE GROUNDS"**

The CEO is required to make an assessment whether:

there appear to be reasonable grounds for asserting either:

(i) that the variable factors relevant to the taking of anti-dumping measures have changed; or

(ii) that, if the anti-dumping measures to which the application relates had not been taken, the Minister would not be entitled to take such measures.

The applicant has provided sufficient evidence to support the assertion that the variable factors relevant to the taking of anti-dumping measures have changed.

Accordingly, the CEO has decided not to reject the application. In accordance with s. 269ZC(4) a notice will be published indicating that it is proposed to review the measures.

Customs will examine the period 1 October 2006 to 30 September 2007 (the review period) for the purposes of the review.