Submission — Anti-Dumping and Countervailing Investigation No. 691

Aluminium Windows and Doors (China)

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Executive Summary

This submission concerns Investigation No. 691 into aluminium windows and doors exported from China.

I submit that the Commission's assessment of injury and causation should not assume that downstream harm is necessarily caused by dumping or subsidisation. In this industry, downstream pricing can be materially distorted by closed supply-chain structures, controlled or centrally managed distribution models, and internal margin stacking on benchmark-linked commodity inputs.

The most diagnostic commercial indicator is the aluminium input cost effect. Aluminium typically represents approximately 25% of the ex-factory cost of an aluminium window. If evidence shows that fabricators are charged aluminium input prices materially above benchmark-linked aluminium values (for example, 3× to 5×), the effective ex-factory cost of a window can increase by approximately 50% to 100% even before other factors are considered.

I also provide a historical precedent from the Australian window industry (glass, 2002–2003) demonstrating how domestic supply control and access restriction can be used to manufacture "shortage" narratives and suppress alternative supply, independently of genuine upstream cost drivers.

This submission further explains regulated trade documentation and entity-matching constraints in China, which can make certain invoicing and payment pathways commercially impracticable. These constraints can interact with closed distribution models in a way that further obscures true landed costs and margin structures.

Finally, I note that AGWA's own member FAQ states the application was prepared over 18 months prior to initiation, while member mobilisation occurred only after initiation. This timing is relevant to the weight given to early coordinated support submissions.

I respectfully request that the Commission test these alternative commercial explanations when assessing injury and causation, particularly prior to any consideration of provisional measures.

1. Purpose of this submission

I make this submission as an industry participant with long-standing experience in Australian manufacturing, supply-chain pricing, and competition issues.

This submission is provided to assist the Commission in assessing injury and causation, including whether alleged harm attributed to dumping and subsidisation may instead be materially influenced by:

- controlled distribution and centrally managed supply models
- internal margin stacking within closed supply chains
- restricted access to competitively priced inputs
- regulated international trade documentation constraints affecting invoicing and payment pathways

This submission does not dispute that dumping and subsidisation can occur. It submits that the Commission should test alternative commercial explanations for alleged harm, particularly where downstream prices may be distorted by domestic supply-chain structures.

2. Background and credibility

From 1987 to 1993 I was a Managing Consultant at Deloitte. Following that, I was appointed General Manager of Wilson Transformer Company in Glen Waverley, a former Deloitte client.

In 1997 I resigned from Wilson Transformers after forming the view that the company was participating in a price-fixing cartel. In my judgement, meaningful operational improvement was impossible in an environment where profit was determined by coordinated pricing rather than performance.

In 1999, as a matter of conscience, I reported the cartel conduct to the Australian Competition and Consumer Commission (ACCC). The ACCC subsequently prosecuted the cartel members, including GEC, ABB, and Wilson Transformers. At the time, this was reported as the largest successful cartel prosecution undertaken by the ACCC.

This history is relevant because it demonstrates that I have direct experience identifying and reporting anti-competitive conduct, and I understand the commercial structures through which pricing harm can be created and concealed within supply chains.

I am making this submission because I recognise a similar structural pattern in the present matter. In particular, I am concerned that alleged “harm” attributed to imported product may in fact be driven, wholly or in part, by controlled distribution, invoicing structures, and internal margin stacking within closed supply chains. Where access to competitively priced supply is restricted and resale margins are embedded upstream, downstream fabricators can experience elevated input costs that are not caused by dumping, but by the operation of the supply chain itself.

3. Market experience in windows and doors

From 1997 to 2006 I was Managing Director of A&L Windows (subsequently acquired by JELD-WEN and now part of the Ventora group). During this period I developed a detailed understanding of the Australian window and door market and the supply structures used by both large manufacturers and smaller fabricators.

One consistent feature of the market was the growth of platform-based system suppliers and large manufacturers entering the fabricator segment. In this model, a larger entity supplies smaller fabricators with proprietary system components, particularly aluminium profiles and related extrusions, where the system design and profile geometry is controlled by the parent entity.

The commercial effect is that a small fabricator becomes dependent on the parent entity's supply chain and pricing, often with significant margins embedded upstream.

This structure existed across multiple market participants, including large manufacturers who were suppliers in their own right while also supplying fabricators. Examples included Bradnam's, Dowell, and Southern Star. Other system businesses, such as AWS, developed models that were predominantly fabricator-oriented.

In my experience, the long-term use of tariffs and trade measures in Australia has contributed to conditions where these closed supply structures can persist and where upstream price signals are not transparent to downstream buyers.

For example, during the early 2000s, anti-dumping measures applied to aluminium imports. At the same time, at least one Melbourne-based extruder was supplying aluminium profiles domestically at prices that were competitive with, and in some cases below, the original landed cost of aluminium from China. This observation is relevant because it demonstrates that downstream pricing can be materially influenced by local supply structures and margin models, not solely by upstream import pricing.

Accordingly, to understand whether alleged harm is genuinely caused by dumping, it is necessary to trace the cost of aluminium from source (including landed cost) through to the actual prices paid by fabricators for stock lengths and proprietary profiles, including any internal resale margins within franchised or controlled supply chains.

4. Structural origin of the application and pricing control

A key structural feature of this matter is that the application supporting this investigation has been driven primarily by upstream supply entities and industry bodies aligned with them, rather than by independent downstream fabricators acting as direct importers. In practical terms, the supply-chain entities most closely associated with AGWA's position include large vertically integrated manufacturers and system suppliers (including entities within the Ventora group) who supply aluminium window and door components to downstream fabricators.

This distinction is critical because downstream fabricators are commonly not the importers of the key commodity-linked inputs that determine their costs. Instead, aluminium profiles, billet-equivalent extrusions, and in many cases glass, are imported by upstream suppliers and then resold into the fabricator network.

Accordingly, the parties most closely associated with the initiation and coordination of this matter may also be the parties who set the effective input prices paid by fabricators, while in many cases procuring those same inputs at wholesale, benchmark-linked prices in China.

5. Legacy margin preservation and manufactured injury

What is evident is the persistence of a legacy selling model, namely that of current fabricator suppliers, in which upstream margins are protected by controlling access to supply (for example, through proprietary profile design) and, by extension, the prices paid by downstream fabricators. In this structure, competition is managed not by outperforming more efficient or lower-cost suppliers, but by shaping the pricing environment in which those competitors must operate, including through the pursuit of tariffs that compensate for poor commercial performance in the local market.

As a result, pressure from honest competitors does not lead to margin compression through normal market forces. Instead, it is resisted through supply-chain control and price management. Where aluminium — a benchmark-priced global commodity (LME and SHFE) — represents approximately 25% of the ex-factory cost of a residential window in Australia, and fabricators are charged aluminium input prices several times above benchmark-linked landed values, the resulting cost inflation is mechanical and substantial. Downstream “injury” in this context is the direct and predictable consequence of domestic margin preservation within the supply chain, not a reliable indicator of harm caused by dumping or subsidisation.

What is required is not trade protection, but structural reform of an outdated business model.

6. Cost structure of aluminium windows and doors (commercial context)

Based on my background as an industrial engineer specialising in costing and business development, and based on negotiated ex-factory pricing for my own manufactured products, a typical ex-factory cost structure for an aluminium window is approximately as follows:

- Aluminium: ~25%
- Other materials (e.g., glass, timber, hardware): ~25%
- Factory labour: ~18%
- Overheads (including sales and advertising): ~22%
- Profit: ~10%

In practical terms, the total direct labour required in Australia to manufacture a window from raw materials through to a finished fabricated unit is approximately one hour (depending on size, configuration, and glazing).

This cost structure is relevant to injury analysis because it indicates that aluminium is the single largest material input, and therefore any genuine dumping-related injury should be tested against traceable movements in aluminium input pricing and fabricated window pricing.

7. Aluminium cost multiplier effect (key commercial point)

Aluminium typically represents approximately 25% of the ex-factory cost of an aluminium window. Other materials and costs (glass, hardware, labour, overheads) represent the remaining 75%.

Accordingly, if evidence shows that fabricators are being charged aluminium input prices that are materially above benchmark-linked aluminium costs (for example, 3× to 5× the underlying aluminium value), the impact on total ex-factory cost is extreme even before any other factors are considered.

Illustratively:

- **Base case:**

  Aluminium = 25%

  All other costs = 75%

  Total = 100%

- **If aluminium is charged at 3×:**

  Aluminium component becomes 25% × 3 = 75%

  Total becomes 75% + 75% = 150% (i.e., +50%)

- **If aluminium is charged at 5×:**

  Aluminium component becomes 25% × 5 = 125%

  Total becomes 125% + 75% = 200% (i.e., +100%)

Therefore, even ignoring all other cost movements, a large internal mark-up on aluminium inputs can increase the effective ex-factory cost of a window by approximately 50% to 100%.

This is commercially significant because it demonstrates that alleged “injury” experienced by downstream fabricators may be driven by internal supply-chain margin stacking rather than by dumping or subsidisation.

8. Feasibility of materially lower pricing under direct supply (commercial proposition)

Based on my own experience importing comparable inputs from China, and my understanding that many fabricator supply networks source a substantial proportion of their inputs from China, I consider it commercially feasible that equivalent materials could be supplied to fabricators at materially lower prices than those currently prevailing in closed supply-chain models. Subject to confidentiality constraints, I am willing to provide indicative pricing evidence to the Commission to support this proposition.

9. Aluminium input pricing is benchmark-linked and highly transparent

Aluminium is the most expensive material input in the aluminium window industry. However, the base cost of aluminium alloy is not arbitrary. It is anchored to globally published benchmark pricing, principally through the London Metal Exchange (LME). While some markets (including China) also reference domestic benchmark mechanisms such as the Shanghai Futures Exchange, these typically reflect the same underlying commodity pricing dynamics, albeit with timing differences.

In commercial practice, an aluminium extrusion company purchases aluminium billet at benchmark-linked prices and sells extruded profiles at the billet cost plus a premium. The premium reflects extrusion costs, yield loss and waste, finishing processes (if applicable), and the extruder's margin. Profiles may also be supplied with finished coatings such as powder coating or anodising.

In many cases, the fabricator funds the extrusion dies for their own system profiles, with those dies held and used by the extrusion supplier.

10. Historical precedent — supply control and manufactured "shortage" narratives (glass, 2002–2003)

In 2002, while I was Managing Director of A&L Windows, the company was approached by Pilkington Glass with advice that the market was entering a global shortage of float glass. We were advised that the price of 3 mm float glass would increase immediately from approximately $4.50/m² (AUD) to approximately $6.80/m², and that further increases would occur over the following two years.

The reasons given for the expected shortage included alleged shutdowns of a large portion of China's float glass plants and the planned closure of the Pilkington Sydney plant for a full refurbishment for approximately eight months.

Given the nature of float glass as a widely available commodity product, I sought an independent supply and pricing check through an overseas contact. Guardian Glass (an ISO 9001 certified supplier) provided pricing for 3 mm float glass at approximately $2.50/m², substantially

below both our prevailing price and the new announced price, with no indication of supply constraints.

A sample order was placed and delivered. This contradicted the asserted shortage narrative and demonstrated that supply and pricing were available in the international market at materially lower levels.

Pilkington staff subsequently observed the Guardian product in our factory. Following this, Pilkington placed an order with Guardian of approximately $10 million and advised Guardian that the order would be cancelled if Guardian continued to supply A&L Windows. This was communicated directly in the course of events and was not hearsay.

The commercial effect was that alternative supply was actively discouraged. This experience is relevant because it demonstrates how commodity-linked inputs such as glass (and similarly aluminium) can be subject to controlled supply behaviour and access restriction, independent of genuine upstream cost drivers.

11. Key concern: alleged injury may reflect domestic margin structures

The initiation notice lists a wide range of alleged injury indicators, including:

- loss of sales volume and market share
- price suppression and price depression
- reduced profits and profitability
- reduced revenue and return on investment
- reduced capacity and capacity utilisation
- reduced employment and productivity

These outcomes can arise from dumping and subsidisation. However, they can also arise from closed supply-chain structures where access to competitively priced inputs is restricted and internal resale margins are embedded upstream.

In assessing injury and causation, it is therefore important that the Commission tests whether alleged harm is attributable to dumping/subsidisation, or whether it is materially influenced by controlled distribution and margin structures within the domestic supply chain.

12. Aluminium pricing and internal resale margins (franchisor-style supply chains)

A key commercial issue raised by this matter is the possibility that a substantial portion of the price paid by fabricators is not attributable to upstream aluminium costs, but to internal supply-chain mark-ups.

If fabricators are paying approximately $15–$25/kg for aluminium in stock lengths, and the franchisor or central supply entity is able to procure product at costs close to mill or billet-equivalent levels, then the central entity may be operating the supply of aluminium as a profit centre through internal resale margins.

In that scenario, restrictions on imports do not merely "protect local industry" — they also preserve a closed supply chain in which the central entity controls the effective price paid by fabricators.

The relevant commercial question is therefore the central entity's landed cost per kilogram and the margin added before supply to the fabricator network.

13. Regulated international trade documentation and entity-matching constraints (China export practice)

A practical constraint in international trade — particularly in China — is that export documentation, invoicing, foreign exchange settlement, and taxation records are highly structured and entity-specific.

In China, exporters operate within a regulated invoicing and export framework, including formal export invoices, customs declarations, export rebate eligibility, and bank settlement requirements. These systems are not flexible in the way informal domestic transactions can sometimes be.

Accordingly, where goods are exported by one legal entity, the invoice, customs export record, and foreign exchange settlement must ordinarily align with that exporting entity. Payment by a third party to a different entity, or payment to an entity not matching the export documentation, can create material compliance risks for the exporter and can interfere with bank settlement, audit trails, and tax rebate processes.

For this reason, it is not commercially practicable to assume that an importer can simply "pay the franchisor invoice" or "pay an alternate entity" where the exporting entity and invoice entity do not match. Such a request can place the exporter in breach of regulated documentation requirements and can compromise the integrity of the transaction record.

This is not a discretionary preference of the exporter or importer. It is a structural feature of regulated international trade systems and must be treated as such when evaluating what payment and invoicing arrangements were realistically available.

14. Practical example — entity-matching constraint in the relevant supply chain

By way of example, in the relevant supply chain, goods were manufactured and exported under a regulated Chinese exporting entity (e.g., Licheng). In circumstances where invoices were

subsequently issued or levied by a different entity (e.g., Hennissy), it was not commercially practicable to simply "pay the Hennissy invoice" as if it were interchangeable.

Where the exporting entity, customs export documentation, and bank settlement trail are linked to the Chinese exporter, payment must ordinarily align with that exporter and the corresponding export invoice. Requiring payment to a different entity risks misalignment between the export record, the bank settlement, and the tax and audit trail, and can jeopardise compliance and export rebate treatment.

Accordingly, the ability to route payment to a non-exporting entity should not be assumed as a viable alternative. The exporter's and importer's options are constrained by regulated trade documentation requirements, not by preference or convenience.

15. Why these constraints matter: distortion of price signals and "apparent harm"

These entity-matching constraints matter because they can enable supply-chain structures in which price signals are not transparent to downstream fabricators, and where internal margin stacking is difficult to detect.

Where a franchisor or central supply entity controls access to imported product and/or controls the invoicing pathway, downstream fabricators may not be purchasing in a genuinely competitive market. Instead, they may be purchasing within a closed network where the effective price is set internally, and where the difference between landed cost and resale price is captured as a margin within the supply chain.

In such circumstances, an increase in fabricator input costs does not necessarily indicate injury caused by dumping. It may indicate the operation of internal resale margins, restricted access to alternative supply, and the preservation of franchisor-controlled pricing structures.

Accordingly, any analysis of injury should carefully distinguish between harm arising from imported product pricing and harm arising from controlled distribution, invoicing, and margin stacking within a closed supply chain.

16. Procedural timing and coordinated mobilisation

The initiation notice for Investigation No. 691 is dated 25 November 2025.

AGWA's post-initiation member communications encouraged members to register for an information webinar on 1 December 2025 and to submit signed letters of support to AGWA for forwarding.

AGWA's member FAQ states:

"After 18 months of preparation for the submission, the Commission has now accepted our case for investigation."

This confirms that the application was prepared over an 18-month period prior to initiation. However, member mobilisation and collection of signed support letters occurred only after initiation.

This timing is relevant because it suggests that early supportive submissions may reflect coordinated advocacy following initiation rather than independently prepared commercial evidence developed over the same preparation period.

17. Suggested focus areas for the Commission

To ensure injury and causation are assessed accurately, I respectfully submit that this investigation involves not only upstream import pricing, but also downstream supply-chain structures that can materially distort pricing, access, and apparent injury outcomes.

In particular, I request that the Commission obtain and test evidence of the benchmark-linked landed cost of aluminium and other key inputs imported by upstream suppliers, and compare that landed cost to the resale prices charged to downstream fabricators within controlled supply networks. This comparison is necessary to distinguish injury caused by dumping or subsidisation from injury caused by domestic margin stacking.

These alternative commercial causes should be tested carefully before any provisional measures are considered.

18. Closing

I submit that this investigation involves not only upstream import pricing, but also downstream supply-chain structures that can materially distort pricing, access, and apparent injury outcomes.

I encourage the Commission to test these alternative commercial explanations carefully when assessing injury and causation, particularly before any provisional measures are considered.

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