Investigation 691 supplementary response to Capral

EcoEco Windows & Doors Pty Ltd
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EPR 581 and relevant observations in HIA submission EPR 576

Capral's zero-cost aluminium argument does not establish the cause of the remaining price difference. Removing one input cost does not remove differences in productivity, labour hours, scale, overhead or supply-chain structure. A finding that imports were dumped does not establish that every competitive disadvantage experienced by Australian fabricators was caused by dumping.

EcoEco asks the Commission to test that inference against the evidence, reconcile the specific inconsistencies identified below, and explain any resulting changes to calculations or measures. We offer reciprocal disclosure of our costing algorithm to make the commercial comparison testable. The separate EcoTech product exemption will stand on its own evidence.

Read this supplement with EcoEco's earlier submissions and substantive SEF response. EPR references are Investigation 691 document numbers; Capral and HIA references use PDF pages.

1 A price gap is not a causal explanation

The zero-cost aluminium proposition originated with Capral in EPR 439, section V, p. 4. Capral subsequently described it as an illustration in EPR 455, section II, p. 2, while calling the reasoning EcoEco's own in section I, p. 1. EcoEco examined the proposition conditionally; it did not establish it as a verified fact. Answering Capral's hypothetical does not transfer authorship or responsibility for substantiating it. The latest submission still provides no worked window-level calculation. [EPR 581, section 3, pp. 2–3.]

Even if Australian aluminium were free and a price gap remained, that would establish only that aluminium does not explain the whole gap. It would not explain the remainder. Labour, productivity, scale, overhead and supply-chain efficiency may still differ, as may the products and terms being compared. Finding that imports were dumped does not turn every remaining cost or price difference into an effect of dumping. EcoEco already addressed this distinction in its 23 August response to EPR 455, sections III–VI, pp. 2–3.

EcoEco does not contend that Australian supply-chain costs explain every alleged injury. Nor does it require Australian producers to adopt its offshore manufacturing arrangements before injury may be found. Its position is that injury attributable to other factors must be distinguished. Its 29 July response to EPR 439, section 1, p. 4, expressly makes that qualification.

EcoEco offers a transparent costing comparison

EcoEco's product-costing algorithm combines all costs and margin. If Capral is prepared to publish its equivalent costing method and supporting calculation, EcoEco is prepared to publish its own algorithm, including all cost categories and margin. Capral may withhold its actual aluminium purchase price. That would still allow public examination of the remaining costs, assumptions and margins on which its zero-aluminium proposition depends.

The comparison should identify equivalent product specifications, dates and commercial levels, and show which cost is excluded. If the relevant finished-window figures are held by fabricators, Capral can invite a representative fabricator to participate. If public disclosure is declined, the Commission can test the proposition against confidential producer records and provide an indexed comparison or other meaningful public explanation. A refusal to publish would not prove Capral wrong; the weight given to its claim should depend on the evidence supporting it. EcoEco's offer to publish its algorithm remains reciprocal. The statutory dumping calculation remains a separate question.

2 Like windows can have very different supply chain costs

The SEF finds likeness in products, core components and manufacturing technology. That does not establish equal efficiency in procurement, fabrication, marketing or distribution. Comparable windows can reach the customer through very different commercial processes. An extra step can add cost without adding corresponding value. [SEF, section 3.6, pp. 73–74.]

EcoEco's contract-manufacturer-to-EcoEco model should therefore be compared with the actual costs and functions of a supply chain involving multiple intermediaries. Additional transfers, handling, stockholding, administration and margins may raise the fabricator's input costs without improving the finished window. The relevant questions are what each stage contributes, whether work is duplicated, and what the customer receives for the additional cost. Counting more expenditure is not the same as demonstrating more value.

China's labour-cost advantage and the amount of labour used are separate questions. Lower wages can reduce cost; so can fewer handling stages, better integration and less duplicated work. A comparison that attributes the whole competitive difference to unfair trade can conceal those distinctions. EcoEco asks the Commission to test them against the records, rather than assume either that the extra costs are necessary or that all intermediaries add no value.

HIA's call to address weak productivity and structural manufacturing costs reinforces this inquiry. [EPR 576, pp. 1–2 and 4.] Engineering, testing, service and warranty have real value. Their existence does not establish that every associated charge is efficient or competitively disciplined. HIA does not quantify intermediary margins; this is EcoEco's specific concern for examination. A fabricator should not be treated as inefficient merely because the supply chain it must buy through is expensive.

3 Ask what would happen without dumping

The question concerns the Australian industry as it actually operates, without the injurious effects of dumping or subsidisation. Its existing structure does not remove the obligation to distinguish injury caused by demand, domestic competition, input costs or legitimate overseas efficiencies. [SEF 691, section 9.3, pp. 183–184; section 9.9, p. 197.]

The SEF records an approximately 25% increase in Ventora's unit cost to make and sell over the injury period, with the bulk occurring in FY2022. During the investigation period the increase was approximately 5%, principally driven by selling costs. It also recognises potential Chinese advantages in production costs, productivity, automation and supply-chain efficiency. [SEF, section 9.9.4, p. 200.]

When a factory produces fewer windows, its fixed overhead is spread across fewer units and the cost per window rises. That explains an accounting result. It does not explain why orders were lost. The Commission should distinguish independent cost increases from this volume effect, identify the evidence linking lost volume to dumped or subsidised imports, and explain why Ventora's cost movements represent the wider industry. The SEF discusses other causes; the issue is whether it adequately separates their effects. [SEF, sections 9.8–9.9.4, pp. 197–201; EPR 581, section 3, p. 3.]

4 Reconcile the exporter cost findings before revising rates

The following inconsistencies require correction or explanation:

• Yuanjiang's aggregate aluminium purchase prices are described as above benchmark in Appendix C9.2, pp. 344–345; the conclusion on p. 346 states that the benchmark exceeded those prices in aggregate.
• Yipeng is described on p. 345 as above benchmark in three identified quarters, followed by a reference to only one above-benchmark quarter.
• Section 6.9.2, p. 148, contains conflicting wording about Yipeng's costs reflecting competitive market costs and being unaffected by the identified circumstances.

These statements need to be reconciled before they can provide a clear public explanation of the calculation. They do not establish which underlying result is wrong. The quarterly patterns for Yuanjiang and Yipeng differ and may justify different treatment. Please explain how annual totals, quarterly averages and individual purchases were weighed, correct the inconsistencies, and identify any effect on individual rates and the residual rate applied to unexamined exporters, including Hennissy.

The benchmark is an estimate used to replace input costs considered affected by the identified Chinese market conditions. Its construction therefore matters directly to the resulting normal values and dumping margins. Changes to the billet premium, extrusion conversion cost or quarterly adjustments should follow comparable evidence and a consistent method, whether the correction raises or lowers the result. [SEF, Appendix C8.2, pp. 332–333; EPR 581, section 6, pp. 4–5.]

The SEF expressly considers and rejects the Shanghai Futures Exchange (SHFE) as a benchmark free of those conditions. It instead uses London Metal Exchange prices plus the Main Japanese Ports premium as a starting point. EcoEco challenges whether the replacement is sufficiently comparable to the costs being assessed. It does not suggest that the Commission overlooked SHFE. [SEF, pp. 323–324 and 330–333; EPR 581, section 6, p. 4.]

Where actual purchases use Shanghai-linked pricing, please explain the adjustments that make the replacement comparable: currency, tax, purchase dates, regional premiums, freight and conversion costs. An exchange-price difference alone does not identify the extent of distortion. The Commission should distinguish ordinary commercial differences from the effects it is correcting and explain why any remaining mismatch would not materially change the result.

The 24.4% residual dumping margin is a separate calculation comparing export price and normal value. It is not a measurement of Australian labour costs, intermediary margins or the Australian–Chinese cost gap. Those factors concern the cause of injury and cannot be read directly from that percentage. [SEF, sections 6.1–6.2, pp. 129–130.]

Any additional subsidy finding must separately establish the relevant supplier relationship, benefit and any required pass-through. A benchmark shortfall alone does not establish a countervailable benefit. [EPR 581, section 7, p. 5.]

5 Capral also sources Chinese extruded products

Capral's own sourcing is relevant. In his interview with Alan Kohler published by Intelligent Investor on 24 July 2025, Capral's CEO Tony Dragicevich acknowledged that Capral buys some extruded products from China that it does not manufacture itself. He distinguished those purchases from its primary aluminium supply. [Capral Ltd Aluminium in Focus, question beginning "Would you make more money if you bought it all from China?".]

That is evidence that Capral itself uses Chinese manufacturing within its supply chain. It does not establish SHFE-linked purchase terms or disprove dumping. It does justify asking the Commission to seek comparable procurement evidence from Capral: product specifications, pricing basis, landed costs and the value added before resale. Capral's experience can help test the commercial explanations it asks the Commission to reject.

6 Changes to measures require reasons and disclosure

If the Commission considers replacing the proposed ad valorem method, please explain how the alternative accommodates the substantial variation in product specifications and prices recognised in SEF section 12.2.5, pp. 213–214. Any proposed categories and ascertained prices should be sufficiently explained for affected parties to assess their practical operation. [EPR 581, section 8, pp. 6–8.]

Concern that some exporters may evade measures is not evidence that EcoEco or Hennissy has done so. Nor does an expected increase in review applications justify replacing examination of an exporter's own circumstances with assumptions. These risks should be assessed on their evidence. Before relying on material new evidence or revised calculations adverse to EcoEco, please disclose their substance in a meaningful non-confidential form and allow a reasonable opportunity to respond.

HIA's account of pre-existing procurement commitments and fixed-price contracts is also relevant to the practical consequences of measures. We support examination of lawful transitional or project-based arrangements where available. Those downstream consequences are distinct from the historical causation inquiry and do not themselves disprove dumping. [EPR 576, pp. 3–4.]

7 EcoTech requires a separate product assessment

This supplement is not an EcoTech exemption application. Any such application will be made separately against the relevant exemption ground, with a precise goods description and supporting product and supply evidence.

The six existing requests recorded in SEF section 3.7, pp. 74–76, and evidence that Australian fabricators serve particular building classes do not determine whether like or directly competitive goods meeting the relevant requirements are offered on the applicable terms. General sector capability must be connected to the particular goods for which exemption is sought. [EPR 581, sections 4–5, pp. 3–4.]

We request that a complete EcoEco application be assessed for possible consideration in the final report, rather than automatically deferred because it is lodged during the SEF response period. If further inquiry is necessary, please identify the outstanding information and the appropriate procedure. We recognise that the evidence must satisfy the applicable ground and that no exemption is assured.

8 Requested action

EcoEco asks the Commission to:

- Assess the remaining price difference without treating it as automatic proof of injury caused by dumping, and explain the treatment of independently operating supply-chain costs and efficiencies.
- Reconcile the identified exporter-cost inconsistencies and disclose the reasons and material consequences of any revised methodology or rates.
- Explain any change in duty method and provide an effective opportunity to address material new evidence relied upon.
- Keep a properly supported EcoTech product exemption separate from the general causation dispute and assess its procedural treatment on its merits.

Edward Stelling
EcoEco Windows & Doors Pty Ltd