

The LB Group maintains that Mexico is a more appropriate representative country, as explained below.

The LB Group recalls that Regulation 13(5) of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 ("D&S Regulations") provides as follows:

"For the purpose of paragraph (4)(a), the TRA may determine whether a third country or territory is an appropriate representative third country or territory taking into account—

(a) whether and to what extent reliable information is made available to the TRA by overseas exporters in that country or territory at the time of selection of that country or territory;

(b) whether the country or territory has a similar level of economic development to the exporting country or territory; and

(c) any other factors it considers relevant."

Thus, while the first element (availability of reliable information from an exporter) is relevant to the TRA's decision, it is not determinative. For good reason, there are two other elements which the TRA is required to consider.

First, the LB Group has demonstrated at length that Mexico is a more appropriate comparator compared to Brazil with regard to the level of economic development:⁴

Indicator	Mexico	China	Brazil
GDP per capita	14,185.8	13,301.1	10,310.5
Level of employment in industry as a % of the total employment	25	32	20
Manufacturing value added	20	25	12
Gross National Income ("GNI") per capita ⁵	12,850	13,660	9,930
Human Development Index ⁶	0.789	0.797	0.786

As the data above demonstrates, Mexico is more proximate to China with regard to indicators which are indicative of the similarity of economic development, particularly those which speak to similarity in industrial development. In some important metrics, such as "Manufacturing value added", "GNI per capita", and "GDP per capita", Brazil is significantly inferior compared to Mexico.

Second, the LB Group notes that the TRA is required to take into account "*any other factors it considers relevant*". Pursuant to the Statutory Guidance, the TRA is required to consider whether the representative country "*has significant production of the goods under*

⁴ See also LB Group's Registration of Interest dated 18 March 2026, page 18.

⁵ <https://data.worldbank.org/indicator/>.

⁶ <https://worldpopulationreview.com/country-rankings/hdi-by-country>.

*investigation, and whether public data specific to relevant inputs is available".*⁷ Thus, it follows from a reading of the D&S Regulations and the Statutory Guidance that the size of the production is a relevant other factor that the TRA ought to consider.

In this context, the LB Group reiterates that Brazil is a significantly smaller producer than Mexico, which renders it inappropriate. As the LB Group has explained in previous submissions, the nameplate capacity of the sole Brazilian producer is only 60,000 MT, compared to that of 330,000 MT for the Mexican producer.⁸ In other words, Brazil's production is about *one sixth* of that of Mexico. Considering that the third country is intended to allow the TRA to approximate the cost of production absent the alleged distortions, how can data from such a meagre producer be considered to be more representative than that of a larger, more comparable one?

The Brazilian producer's significantly smaller scale of production and sales means that its purchases of key inputs (imported and domestically sourced) are correspondingly limited in volume. Its limited purchasing power likely results in input costs that are unrepresentative of those incurred by a larger, commercially competitive producer such as the LB Group. Moreover, the Brazilian producer cannot benefit from the economies of scale available to higher volume operations. Its fixed costs are absorbed across a materially smaller output base, resulting in a potentially higher cost per unit that reflects the producer's (significantly smaller) scale. Using those costs as a benchmark would indicate that the exporting producers' prices are distorted (when they are not), and would in any event overstate the extent of such distortion. Consequently, those costs would yield a normal value that overstates what a genuinely comparable producer operating at a similar scale as the LB Group would incur, contrary to the TRA's objective of approximating the costs of production in the absence of the alleged market distortions.

Third, the LB Group reiterates that the absence of a representative Mexican producer has no bearing on the TRA's ability to objectively approximate the costs of production of Chinese producers.

In this regard, the LB Group notes that the D&S Regulations permit the TRA to establish benchmarks based on "international prices, costs or benchmarks".⁹ This source of information is treated equally to costs obtained from overseas exporters, as evidenced by the conjunctive "or" in Regulation 13(4). What is more, the TRA already has the precedent of using publicly available information not sourced from a specific producer. In *Tin Mill from China*, the TRA

⁷ TRA Guidance on PMS and Cost Adjustments. (available at < <https://www.gov.uk/guidance/trade-remedies-investigations-directorate-trid-dumping-and-subsidisation-investigations-guidance/particular-market-situation-and-costs-adjustments> >).

⁸ The LB Group, Appendix D14.1 to the Anti-Dumping Questionnaire Reply, page 2.

⁹ D&S Regulation, Regulation 13(4).

used information from secondary sources in place of those submitted by third country exporting producers.¹⁰

Given the availability of public information on the costs of key inputs, including raw materials, energy and labour in Mexico, the TRA has at its disposal all the information necessary to assess whether the costs recorded by Chinese exporting producers are distorted, and if so, to adjust/substitute them.

In sum, the LB Group maintains that Mexico is a superior comparator to Brazil due to its similar level of economic development, and significantly (6x) larger production capacity. The absence of a Mexican producer does not impede the TRA's ability to establish the normal value. Thus, the LB Group requests the TRA to select Mexico as the representative country.

As a final point, the LB Group notes that the Applicant makes no effort whatsoever to rebut these points, clinging desperately to the sole assertion that no Mexican producer is willing to participate. This is awfully convenient, given that the Brazilian producer who is willing to participate is the Applicant's sister company. Thus, the LB Group requests the TRA to consider the three relevant factors wholesomely in selecting a representative country. In the LB Group's view, the fact that (i) Mexico is a more similar comparator, and (ii) the Brazilian producer is considerably smaller than Mexican production, both outweigh the absence of a Mexican producer. More so, since there is available data that the TRA could legitimately use to establish the normal value.

2. The TRA should not adjust all costs incurred by the LB Group and its exporting producers

The Applicant makes a barrage of unsubstantiated arguments to support its position that the TRA should disregard all costs incurred by the LB Group and its exporting producers. In this section, the LB Group will respond to those arguments.

First, the Applicant urges the TRA to essentially disregard and replace all costs incurred by the exporting producers. The Applicant's argument, however, is diametrically contrary to the legislation and Statutory Guidance. The LB Group recalls that the TRA "should only make adjustments to those elements of cost or profit that are not substantially determined by market forces. Otherwise, cost elements or profits that are substantially determined by market forces should be based on the exporter's records where conditions set out in Regulation 11 of the dumping and subsidisation regulations are satisfied."¹¹ Thus, the TRA cannot disregard all costs incurred by the exporting producers without considering whether each of those elements are determined by market forces. Cost/profit elements which are substantially determined by

¹⁰ Dumping investigation into Tin Mill Products imported into the United Kingdom from the People's Republic of China (PRC), Investigation No. AD0062, ("*Tin Mill Products from China*") Final Determination, para. 271.

¹¹ Statutory Guidance, underlining added.

market forces (e.g., those which do not appear to be artificially low) shall not be disregarded. Thus, the Applicant's "disregard all" approach is contrary to legislation and the TRA's practice.

Second, the Applicant argues that the LB Group's price of importing titanium feedstocks is 20% above the price of domestically sourced titanium, which evidences that the costs of feedstocks in China are distorted.¹² This argument is simplistic and must be disregarded by the TRA. As the TRA can see from the LB Group's Anti-Dumping Questionnaire Replies ("ADQ Replies"), the costs incurred by the exporting producers in the purchase of feedstocks are higher than, or similar to, those in international markets.¹³ This demonstrates that those purchase costs are not artificially low, and need not be adjusted. In this context, the LB Group recalls that in *Tin Mill from China*, the TRA found that the labour costs of the sampled exporting producer were higher than the benchmark costs. Based on that comparison, the TRA concluded that "*labour costs in the PRC are not artificially low relative to the benchmark country of Brazil in this investigation, despite the non-commercial factors present in the PRC labour market, so no adjustment to labour costs have been applied.*"¹⁴ Thus, the Applicant's argument is extraneous to the requisite assessment, and is unsupported by legislation and the TRA's practice.

Third, the Applicant requests the TRA to "*consider that all costs are significant*". In this context, the Applicant asks the TRA to "*consider the significance of the equivalent undistorted cost in an undistorted cost stack*" before determining that "*a distorted cost is not significant*".¹⁵ In essence, the Applicant asks the TRA to compare the exporters costs with benchmarks, and only assess significance of costs based on those benchmark prices. Relatedly, the Applicant argues that the TRA should group costs in its significance assessment (e.g., all process chemicals).¹⁶ But, the Statutory Guidance do not require this of the TRA. They stipulate that the TRA "*should only make adjustments in relation to significant cost or profit elements.*"¹⁷ The TRA's consistent practice has been to assess the materiality of the cost or profit elements at issue *to the specific exporting producer's costs*.¹⁸ Based on this materiality, the TRA determines whether the cost/profit elements are significant enough to warrant an adjustment.¹⁹ The LB Group urges the Commission to follow its practice on this issue as it is in line with legislation; while the Applicant's proposal is not.

Fourth, the Applicant speculates that the cost of LB Group's imported inputs "*may also be distorted*", and urges the TRA to adjust costs of imported imports if they are distorted.²⁰ This ignores the TRA's established practice that where an exporting producer purchases inputs from

¹² Tronox's submission of 10 June 2026, page 2.

¹³ See e.g., the LB Group, Appendix D14.1 to the Anti-Dumping Questionnaire Reply, page 4.

¹⁴ *Tin Mill Products from China*, Final Determination, para. 284.

¹⁵ Tronox's submission of 10 June 2026, page 6.

¹⁶ Tronox's submission of 10 June 2026, page 6.

¹⁷ Statutory Guidance.

¹⁸ See e.g., *Tin Mill Products from China*, Final Determination, para. 274.

¹⁹ Dumping investigation into Biodiesel imported into the United Kingdom from the People's Republic of China (PRC), Investigation No. AD0058, ("*Biodiesel from China*") Final Determination, 24 November 2025, para. 398.

²⁰ Tronox's submission of 10 June 2026, page 5.

unrelated suppliers in third countries, those purchases would not be affected by the alleged distortions affecting the Chinese market.²¹ This practice is legally coherent because the essence of the TRA's assessment is to establish whether the alleged government intervention distorts the prices. The alleged intervention cannot be presumed to extend to purchases from third country suppliers, least of all unrelated ones. Additionally, even if the TRA suspects that imports from related suppliers are distorted, it must establish the same. It cannot replace those prices based on presumptions. In that context, the TRA would be required to evaluate whether each of those cost elements is artificially low before adjusting them.

Fifth, with regard to captive purchases, the Applicant speculates that internal transfer costs do not reflect the full cost to the LB Group, and thus, they should be rejected "*in line with [the] general principle in anti-dumping law*". The Applicant refers to Regulation 9(1)(b) and 15(2) of the D&S Regulations.²² On this point, the LB Group notes as follows:

- The provisions that the Applicant refers to are not relevant to the inquiry at hand. Indeed, those provisions are relevant to the question of whether domestic prices of the like product, or export prices of the product under investigation, are reliable. But, this does not establish a "general principle" that *costs* of intermediate products are also to be disregarded. Should the TRA consider it necessary to assess whether those costs are artificially low as to warrant an adjustment, such assessment would have to take into account the vertically integrated nature of the Group. In other words, a comparison between products which are sourced internally and those which are sourced in the open market ignores the structure of the Group, and essentially erases the benefits of such structure – even though those benefits derive from the structure itself, not from government distortion.
- Moreover, the Applicant's argument is premised on speculations regarding LB Group's cost allocation methodology.²³ The LB Group requests the TRA to consider the information provided by the LB Group and to make its findings on that evidence, not on unfounded speculations.
- Additionally, the LB Group requests the TRA to consider whether the specific distortions alleged to exist with regard to the cost elements in question also exist in the context of a vertically integrated structure. Where they do not, those cost elements should not be adjusted. For example, the Applicant claims that electricity costs are distorted due to the existence of price controls in electricity transmission and distribution.²⁴ Captively produced electricity would, by definition, not be subject to

²¹ Dumping investigation into Aluminium Extrusions imported into the United Kingdom from the People's Republic of China (PRC), Investigation No. AD0012, ("*Aluminium Extrusions from China*") Final Determination, 16 December 2022, para. 210. See also Statutory Guidance.

²² Tronox's submission of 10 June 2026, page 3.

²³ Tronox's submission of 10 June 2026, page 3.

²⁴ Application, Annex E.2.1., pages 26-27.

those alleged distortions. In this context, the LB Group notes that in *Aluminium Extrusions from China*, the TRA found that the exporting producer "*produces its own electricity, so it is not impacted by the price-control mechanisms, and it is not bought or sold on the open market before use in production of the Goods Concerned.*"²⁵ The LB Group is simply asking the TRA to apply this same logic, which is also supported by legislation.

- Lastly, the Applicant argues that the production cost of energy-intensive upstream inputs benefits from distortions in the Chinese energy market.²⁶ The premise of this argument is that LB Group's purchases of energy are distorted. The LB Group requests the TRA to assess the costs for each element which materially contributes to the producer's cost of energy, and assess whether they are distorted. The data does not comport with the Applicant's wishful thinking.

Sixth, the Applicant argues that "*the LB Group benefits from structural advantages caused by Chinese government intervention in the Rutile TiO₂ industrial ecosystem*". For the Applicant, some of those cost advantages may not show up in financial statements "*but should be accounted for when constructing an undistorted normal value*".²⁷ On this issue, the LB Group notes as follows:

- The Applicant argues that the TRA should ensure that chlorine consumption is fully captured.²⁸ The LB Group has presented to the TRA the cost of all inputs, including chlorine. The LB Group considers that the TRA will assess its costs and allocation methodology, and evaluate whether its costs are artificially low. Thus, the LB Group will not further comment on the broad-brush comment by the Applicant.
- The Applicant also argues that the LB Group's capex amortization is lower than the OECD benchmark, and urges the TRA to use "undistorted capex amortization" when constructing the normal value.²⁹ The Applicant's argument is based on a flawed premise:
 - i) The Applicant states that "*LB has publicly disclosed capex amortization of 850-1,425 USD/MT for the Jiaozuo chloride plant*".³⁰ It then explains that it calculated the LB Group's capex amortization at 1,425 USD/MT (by dividing the asset cost by the plant capacity), but fails to provide the assumptions/information underlying the lower range of 850 USD/MT. Such unsubstantiated assertions should be disregarded.

²⁵ *Aluminium Extrusions from China*, Final Determination, para. 210.

²⁶ Tronox's submission of 10 June 2026, page 4.

²⁷ Tronox's submission of 10 June 2026, page 7.

²⁸ Tronox's submission of 10 June 2026, page 7.

²⁹ Tronox's submission of 10 June 2026, page 7.

³⁰ Tronox's submission of 10 June 2026, page 7.

- ii) The Applicant then compares the alleged capex amortization with an "*OECD greenfield rule-of-thumb of 3,500-5,000 USD/MT*".³¹ Yet, the investment at issue related to the construction of two chloride TiO₂ manufacturing lines "*at its existing chloride production site*".³² Therefore, even if there was a need for the TRA to undertake this assessment (of which there is not), the comparison presented by the Applicant is flawed because the investment was not a greenfield investment. The Applicant therefore does not compare oranges to oranges.
- Finally, the LB Group recalls that the TRA is legally not permitted to disregard the exporting producers' costs *in toto*. It must examine them and assess whether the specific costs are reasonable. The TRA may only adjust those specific costs after determining that they are artificially low and are significant cost or profit elements. The LB Group thus considers that the Applicant's attempts to urge the TRA to disregard all the costs on the basis that they are "*likely significant cost advantages that do not show up in LB Group's financial statements*"³³ is unfounded. Moreover, should the TRA decide to adjust the costs of overheads (which the costs mentioned by the Applicants are), it could use the proportion of overheads as a share of the cost of manufacturing actually incurred by the exporting producers; then apply that percentage to the "undistorted" cost of manufacturing.³⁴

3. Conclusion

In conclusion, the LB Group maintains that Mexico is the most appropriate representative country. The LB Group also requests the TRA to consider its arguments regarding adjustment of costs as articulated above.

Please let us know should you need further information or require any clarifications.

Yours sincerely,

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³¹ Tronox's submission of 10 June 2026, page 7.

³² Annex 2 to Tronox's submission of 10 June 2026.

³³ Tronox's submission of 10 June 2026, page 7, emphasis added.

³⁴ See also, Commission Implementing Regulation (EU) 2024/1923 of 10 July 2024 imposing a provisional anti-dumping duty on imports of titanium dioxide originating in the People's Republic of China, recital (237).