Dacrylate Paints Ltd

Representations on the Trade Remedies Authority's Statement of Essential Facts, Investigation AD0086: Anti-dumping duties on rutile titanium dioxide from China

To: Trade Remedies Authority
Subject: Proposed anti-dumping duties on rutile titanium dioxide

1. Dacrylate's position

Dacrylate Paints Ltd is an independent UK SME paint manufacturer employing approximately 50 people in manufacturing, technical and support roles. Rutile titanium dioxide (TiO2) is a key raw material in many of our products, so a sustained increase in its cost would directly affect our manufacturing costs and margins.

We support fair competition and recognise the value of a viable UK chemicals industry. However, the proposed anti-dumping duties would add significant costs for downstream manufacturers and the businesses that buy from them. We ask the Trade Remedies Authority (TRA) to consider these effects before making its final recommendation.

2. The TRA's assessment of the wider economic impact

The TRA's own analysis raises serious questions about whether the proposed measures are in the wider economic interest of the UK. Paragraph 738 of the Statement of Essential Facts concludes that, across the modelled scenarios, the welfare gains to the UK producer are outweighed by losses to downstream businesses, importers and consumers. Paragraph 706 estimates annual net benefits to the producer of £0.8 million to £13.3 million, compared with annual net losses of £12.8 million to £61.5 million for downstream businesses, importers and consumers.

Paragraph 735 states that material injury to the UK producer has not yet occurred, although the TRA considers it foreseen and imminent. We recognise that this risk forms part of the case for intervention. The question is whether the proposed remedy is proportionate when the TRA's modelling points to a wider net welfare loss.

Dacrylate purchases approximately [redacted – business sensitive information] annually and represents a significant raw material cost. TiO2 accounts for approximately [redacted – business sensitive information] of our raw material purchasing expenditure. Based on our current supply arrangements, we estimate that the proposed duties could add around [redacted – business sensitive information] to our annual costs, subject to the extent to which the duties are reflected in our purchase prices. This would be a substantial additional cost for a business of our size.

3. Mounting cost pressures and the position of SME customers

Disruption associated with the Iran conflict and the Strait of Hormuz has added to volatility in energy and supply-chain costs. These pressures come on top of the disruption and expense associated with Brexit, the Covid-19 pandemic and uncertainty around UK REACH compliance.

Dacrylate is facing higher operating costs alongside weaker customer demand. Based on the seven months of analysis, Dacrylate estimates that additional raw material costs and surcharges will be in

excess of [redacted – business sensitive information] over the 12 months following the start of the Iran conflict in February 2026, as current cost pressures persist.

These increases cannot be recovered through customer pricing and they reduce our contribution leaving less to cover fixed operating costs and generate profit. Weaker demand compounds that pressure by reducing the sales volumes over which those fixed costs can be spread. The proposed TiO2 duties would sit on top of this burden, further eroding margins and the funds available for investment.

Our ability to recover higher costs through selling prices is limited. Larger corporate coatings manufacturers benefit from economies of scale, greater purchasing power and the ability to spread manufacturing and overhead costs across higher volumes. This can allow them to offer prices that an independent SME such as Dacrylate finds difficult to match.

Dacrylate's customers are overwhelmingly SMEs, many operating on tight margins and with limited scope to absorb price increases. Higher input costs can pass through distributors, contractors and other businesses that rely on competitively priced coatings. We face a difficult choice: absorb further costs and reduce the funds available for reinvestment, or raise prices and risk losing orders. If sales volumes fall, fixed manufacturing costs must be recovered over fewer units, adding further pressure to margins.

4. Product performance and customer choice

TiO2 contributes to opacity and other performance characteristics required in many paint formulations. The grade and quantity used depend on the product and its intended application. Substitution is not always straightforward. A change of grade or supplier may require reformulation and technical validation, and an alternative may not deliver equivalent performance.

Where TiO2 represents a high proportion of a product's raw material cost, the proposed duties could make that product less commercially viable. This may limit the range of products that manufacturers can supply at prices customers are prepared to pay.

The TRA's report recognises that some downstream users rely on grades not produced in the UK. Domestic supply cannot automatically be assumed to provide a suitable, available and commercially viable replacement for every imported grade. The proposed duties should be assessed against the practical alternatives available to manufacturers, rather than assuming that switching suppliers or reformulating products will be straightforward.

5. Employment, investment and local skills

Dacrylate has a long history of reinvesting in its plant, machinery and people to maintain a competitive manufacturing business, improve productivity and sustain local employment. Our location in Kirkby-in-Ashfield gives this investment particular significance. Ashfield is a former coalfield district facing persistent economic and skills challenges. Ashfield District Council's published Education and Skills Improvement Plan records that 54.5% of residents held NVQ Level 3 qualifications or above in December 2024, compared with 65.4% across the East Midlands. Established manufacturers provide jobs, practical training and opportunities for progression in communities such as ours. The Government has recognised the importance of creating high-skilled,

long-term employment in former coalfield areas. Measures that weaken established manufacturers' ability to invest in those communities risk working against that objective.

The proposed duties would put further pressure on our ability to invest in UK manufacturing. If the additional TiO2 cost cannot be recovered from customers, funds would be diverted from plant and machinery, manufacturing efficiency, product development and workforce development into higher raw material expenditure. Sustained additional costs would force us to reassess the timing, scale and affordability of capital investment, with a real risk that improvements would be deferred, reduced or not undertaken.

Our growth strategy places particular emphasis on water-based coatings and the manufacturing capability needed to support them. We are scoping a new PMD mixing and dispersing system as part of that capital investment planning, while upgrades to our tank storage facilities are already under way. Additional TiO2 costs that cannot be recovered from customers would compete directly with the funds available for these projects and could affect their timing, scale or commercial viability.

Extending our environmental ambitions includes expanding our water-based coatings capability which can support products that reduce solvent use and associated VOC emissions where they replace solvent-based alternatives. If cost pressures delay the investment needed to grow this part of the business, progress towards lower-solvent coating solutions could also be slowed. Delayed modernisation can constrain productivity and capacity, weaken competitiveness and make future investment harder to fund.

Training and recruitment are also affected by margin pressure. Apprenticeships require, in addition to wage costs, experienced staff providing supervision and mentoring, and time must be set aside for training. Pressure on margins can constrain our ability to make that commitment, limiting opportunities to develop the next generation of skilled manufacturing employees.

Dacrylate has worked with the Department for Work and Pensions through the Kickstart programme and continues to work with West Nottinghamshire College to help local people gain employment and practical skills. Nottinghamshire County Council reported 302 young people in the Years 12–13 age group as not in education, employment or training in June 2025. Employers need sufficient capacity to offer training and entry-level opportunities if these challenges are to be addressed.

Sustained pressure on margins could constrain recruitment and expansion. If higher selling prices lead to lost orders, lower production volumes could put existing employment under pressure as well. The assessment should therefore take account of the jobs, skills, apprenticeships and capital investment supported by downstream manufacturers, alongside the employment protected in TiO2 production.

6. The cumulative effect on UK manufacturing

The proposed duties would add a further, sustained cost at a time when Dacrylate is already managing higher operating expenses and weaker demand. The impact should be assessed cumulatively, rather than treating the TiO2 measure in isolation. For an independent SME, successive cost increases can narrow margins to the point where investment is deferred and orders become uneconomic. Inevitably, the business will lose ground to larger competitors.

Across many SMEs, reductions in investment, recruitment and training could weaken UK manufacturing capacity and slow the adoption of improved technology and lower-solvent products. These are material economic effects and should be weighed against the anticipated benefits of the proposed duties.

7. Our request

Dacrylate asks the TRA to reconsider the proposed duties in light of the costs they would impose on downstream manufacturers and their customers. In reaching its recommendation, the TRA should consider the wider economic effects and the practical alternatives available.

If a measure is recommended, the final decision should explain how the expected benefits to the UK producer have been weighed against the wider losses identified by the TRA. The impact on downstream manufacturers should be monitored, with a review if the effects prove more severe than anticipated.

Conclusion

Dacrylate supports fair competition and recognises the value of domestic TiO2 production. However, the proposed duties risk transferring a substantial cost to UK paint manufacturers and the SMEs that buy their products. For Dacrylate, the estimated additional annual cost of around [redacted – business sensitive information] would add to existing pressure on margins, at a time when customer demand is weaker and the business is planning investment in manufacturing capability and water-based coatings.

Across numerous SMEs, the consequences could include higher prices, lost orders, delayed capital investment and reduced capacity to recruit and train local people. This could cause lasting damage to UK manufacturing capacity and slow the adoption of improved technologies and lower-solvent products. These are material economic consequences that should be weighed explicitly before imposing additional costs on downstream businesses. The TRA's own modelling indicates that the wider welfare losses could substantially exceed the benefits to the UK producer.

We ask the TRA to recommend that the proposed duties are not imposed in their current form.

Yours faithfully,

[redacted – personal information]

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