British Coatings Federation Ltd
Westwood Way, Westwood Business Park
Coventry, CV4 8HS
www.coatings.org.uk
info@bcf.co.uk
Registered in England 745398

Case: Rutile Titanium Dioxide (TiO2) from the People's Republic of China
Case Reference number: AD0047

BRITISH COATINGS FEDERATION (BCF) RESPONSE TO THE TRADE REMEDIES AUTHORITY'S STATEMENT OF ESSENTIAL FACTS

To: The Trade Remedies Authority (TRA)

Dear Sir/Madam,

The British Coatings Federation (BCF) appreciates the opportunity to comment on the Statement of Essential Facts in this case, having already submitted evidence at earlier stages of the investigation.

This submission is made on behalf of our members – the UK manufacturers of decorative and industrial paint, specialist coatings, printing inks and wallpaper – who are downstream users, or formulators of chemicals, and to whom TiO2 is a critical raw material. Indeed, the coatings sector will be the largest user of TiO2 in the country. It is an indispensable raw material, accounting for up to 40% of the raw material costs and 20% of the total finished product costs for typical paint manufacturers, for instance. The outcome of this investigation will have great impact upon BCF members and, as importantly, their customers operating further downstream as manufacturers and as consumers.

BCF is extremely disappointed at the initial proposals contained in the Statement of Essential Facts. **Protective duties should not be applied where the effect on downstream businesses and consumers significantly outweighs the estimated gains to the producer.** Crucially, that is what the TRA's own figures in the Statement of Essential Facts show will happen.

The BCF believes the Trade Remedies Authority's (TRA) proposed anti-dumping duties pose a severe threat to UK manufacturing competitiveness, especially in the coatings sector, and will have an outsized, inflationary and negative impact on downstream businesses and consumers. As such, **we oppose the TRA's provisional determination to introduce 5-year duties on imports of Chinese rutile titanium dioxide (TiO2) and urge such a recommendation not to be put forward to the Secretary of State for Business.**

The following sections provide the evidence base for our objections.

Yours faithfully,

[NAME REDACTED]
Public Affairs Manager

Proud winners of:
Trade Association of the Year 2017, 2018, 2023, 2026
CEO Leadership 2024, 2014
Good Governance Award 2018, 2023
Rising Star 2023
Membership Engagement Award 2019
Young Achiever Award 2019
Publication of the Year 2018, 2024
Marketing Campaign of the Year 2017
Industry Leadership Award 2017
CSR Award 2015

British Coatings Federation Ltd
Westwood Way, Westwood Business Park
Coventry, CV4 8HS
www.coatings.org.uk
info@bcf.co.uk
Registered in England 745398

1. Economic Impact Test

In earlier submissions to the TRA investigation into TiO2 dumping, BCF warned any outcome that initiated tariffs would result in more harm being done to downstream businesses and consumers than there would be benefits to producers.

It is important to note that in the coatings sector, titanium dioxide is not a discretionary additive: it is a primary component adding opacity, brightness, and durability. For example, TiO2 typically accounts for up to 40% of the raw material costs and 20% of the total finished product costs for paint manufacturers.

Moreover, many of those coatings products are, in turn, critical to other businesses further downstream, be it in paints for the construction or automotive sectors, or in inks for food packaging, to give just a few examples.

BCF believes that the evidence now supplied in the TRA's own Economic Impact Test suggests that the imposition of tariffs should not proceed.

Paragraph 738 of the Statement of Economic Facts states that:

> *'...quantitative analysis indicates that, across all modelled scenarios, the welfare gains accruing to the modelled UK producer are outweighed by welfare losses experienced by downstream businesses, importers and consumers. As a result, implementation of the measure is expected to lead to a net welfare loss overall.'*

Indeed, the TRA's modelling shows those possible net benefits to producers of between just £0.8m to a high of £13.3m. This compares with net losses to downstream businesses, importers and consumers of between £12.8m and a high of £61.5m (Para 706).

Counterfactual	B1	B2
Scenario A1		
UK Producer	£4.2m to £10.5m	£8.7m to £13.3m
UK Downstream	£-61.5m to £-44.7m	£-61.5m to £-44.7m
Overall impact	£-51.4m to £-36.7m	£-48.2m to £-33.9m
Scenario A2		
UK Producer	£1.2m to £1.2m	£0.8m to £0.8m
UK Downstream	£-15.1m to £-12.8m	£-15.1m to £-12.8m
Overall impact	£-13.9m to £-11.6m	£-14.3m to £-12m

Figure 45 Estimated annual welfare impact of the proposed measure, £m

British Coatings Federation Ltd
Westwood Way, Westwood Business Park
Coventry, CV4 8HS
www.coatings.org.uk
info@bcf.co.uk
Registered in England 745398

Paragraph 716 of the SEF assesses the likely impact of the proposals on particular areas of the country. It notes:

> *"On the evidence available, the TRA does not consider that imposing or not imposing the measure would have a disproportionately negative impact on any particular geographic area. The benefit of retaining skilled manufacturing employment in the Grimsby area is nevertheless relevant to the overall balance."*

If impact on regional employment is to be taken into account, we would like the TRA to note that there are BCF members based around similar areas of socioeconomic type, including close to Grimsby in Hull and Scunthorpe. Many other downstream manufacturing companies will also be based in that region.

Moreover, coatings and other downstream manufacturers will be based in towns and cities that have suffered similarly from low employment opportunities in the past. Given the TRA's own table of welfare benefit vs cost already quoted above, it stands to reason many of these disbenefits – including job losses - would manifest themselves in precisely these areas. This would work against, not with, the Government's desire to drive reindustrialisation.

These concerns are raised even before we note a methodological undercounting in the report of the number of downstream businesses likely to be affected. We examine this in point 2 below.

We, therefore, strongly submit that the proposed measures fail the Economic Interest Test.

2. **Methodology**

Section I3.4 (Downstream businesses), Paragraph 687, substantially underestimates the number of businesses that use TiO2 in their products. The paragraph states that:

> *"The downstream sector consists of approximately 170 businesses. The TRA has chosen nine of those as a sample."*

BCF has 150 full coatings manufacturers as members and nearly all of those will use TiO2 in one way or another. Indeed, for most TiO2 is a critical raw material. While we represent around 95% of the industry by volume, we know there are many more smaller companies not in membership that will also be using TiO2 in

British Coatings Federation Ltd
Westwood Way, Westwood Business Park
Coventry, CV4 8HS
www.coatings.org.uk
info@bcf.co.uk
Registered in England 745398

their products. Put simply, the figure of 170 downstream businesses being affected is a gross underestimate and is likely exceeded by coatings businesses on their own.

Little account seems to have been paid to the size of the domestic plastics sector, with the British Plastics Federation having over 600 member companies in membership. Not all of those will be using TiO2 in their processes but a substantial number are. TiO2 is also used by independent manufacturers of construction chemicals, sealants, and other products.

To repeat again. The figure of 170 downstream companies is a substantial underestimation of the number of domestic businesses using TiO2. (NB and yet even with this miscount, the TRA's own figures show net welfare loss to outweigh net welfare gain many times over, as per the point made about the Economic Impact Test above).

We also, therefore, almost inevitably, challenge the decision to sample just nine companies in more detail. This cannot possibly represent the complex, fragmented realities of the UK coatings sector, let alone the other users of the TiO2. SMEs, which make up the vast majority of the UK manufacturing fabric, face entirely different margin structures, cash flow constraints, and supply chain vulnerabilities compared to multinational market leaders. Moreover, if the nine sampled companies happen to include businesses with less reliance on Chinese-grade rutile TiO2, the TRA's assessment of downstream disbenefit is artificially minimised still further.

Paragraph 687 proves that the TRA has significantly underestimated the scale of the industries it is about to penalise. The true downstream footprint consists of hundreds of companies employing tens of thousands of British workers, dwarfing still further any modelled benefits to the producer.

3. **Level of Tariffs Proposed**

The TRA's procedures and modelling have resulted in the proposed tariff rates being substantially higher than those set by the EU. This creates additional issues of competitiveness for UK manufacturers using TiO2 in their formulations and products, particularly those in the coatings sector.

Indeed, the proposed UK tariff will be roughly twice as expensive as the EU tariff when the weight-based safety net floor is applied, as per the examples below based on an exchange rate of £1 = €1.18 for a simple 100kg shipment:

British Coatings Federation Ltd
Westwood Way, Westwood Business Park
Coventry, CV4 8HS
www.coatings.org.uk
info@bcf.co.uk
Registered in England 745398

- Importing from a Cooperating Exporter: The UK proposed duty is €38.47 higher than the EU duty for the exact same 100kg batch.

- Importing from a Non-Cooperating Exporter: Importing this non-cooperating batch into the UK creates an extra €29.37 cost over the EU entry costs.

This will create even greater issues of competition for UK manufacturers of coatings when compared to their EU neighbours, exacerbating the negative numbers of the EIT still further.

4. **Recent precedent**

We note that the Business and Trade Secretary, Jonathan Reynolds MP, recently rejected a proposal from the Trade Remedies Authority to introduce anti-subsidy tariffs on hydrotreated vegetable oil (HVO) biodiesel imported from the United States. The decision hinged on the broader downstream economic costs heavily outweighing the protective benefits for domestic producers.

This is exactly the situation the TRA's report identifies in this TiO2 investigation, with estimated benefits to producers being outweighed many times over by costs to downstream users and their customers. Again, this divergence is likely to be even greater as we consider the size of the downstream market to have been underestimated in this investigation.

5. **Exclusion for printing ink applications**

The initial BCF submission to the TiO2 investigation made an argument that if, in the event the TRA pursued the imposition of tariffs, it should at least follow the EU's lead and exempt grades of TiO2 required for use in the manufacture of printing inks.

The EU printing ink exemption was driven by recognition that high-quality/ink grade TiO2 accounts for a significant portion of raw material costs for the graphic arts and flexible packaging sectors and imposing anti-dumping duties would have dramatically inflated input costs, placing EU ink and packaging companies at a competitive disadvantage globally. The exclusion relies on specific Commodity Codes combined with a legally binding end-use declaration.

British Coatings Federation Ltd
Westwood Way, Westwood Business Park
Coventry, CV4 8HS
www.coatings.org.uk
info@bcf.co.uk
Registered in England 745398

Printing ink is a critical component of the UK's broader logistics, retail, and food supply infrastructure. Over 90% of food packaging requires specialized white printing inks for nutritional labelling, barcodes, and branding. TiO2 is the only commercially viable pigment capable of providing the opacity required to make these labels legible and compliant with food safety standards.

Moreover, printing ink manufacturers operate on highly sensitive, volume-driven margins. A tariff of up to 63.66% on their primary raw material will immediately inflate the cost of packaging production. Increased packaging costs will be passed to food manufacturers and supermarkets, directly driving up grocery prices for UK consumers. With their EU counterparts not subject to a similar tariff, this will damage the competitiveness of UK inks and packaging businesses.

The BCF maintains that because the domestic UK industry cannot produce equivalent printing ink grades, and because the downstream risk to the UK food packaging supply chain is severe, a product exclusion is highly justified if tariffs are to proceed more broadly.

The Statement of Essential Facts does explore the effect on UK printing ink manufacturers in detail. Among other things, it concludes that the addition of tariffs would see:

> *'The greatest impacts … likely to be concentrated on … manufacturers of white graphic inks that rely on specialist grades of rutile titanium dioxide not produced in the UK.'* (Para 737).

The report even accepts that:

> *'Our analysis indicated that removing dedicated ink-grade rutile titanium dioxide from the scope of the measure would reduce the estimated downstream loss and have limited direct effect on the UK producer because a dedicated ink grade is not manufactured in the UK.'* (Para 729)

And yet the initial proposals include no exemption for printing ink grade TiO2 because it is, later in the report, noted that:

> *'it's not possible to do this without increasing the risk of circumvention and associated injury to UK producers.'* (Para 733)

This conclusion seems unjust and defeatist. The report recognises that ink manufacturers will be hit hardest by tariffs, that the necessary ink grade TiO2 is not manufactured in the UK and, as such, an exclusion of ink grade TiO2 from any tariffs will have a limited effect on the producer. Yet concerns about

British Coatings Federation Ltd
Westwood Way, Westwood Business Park
Coventry, CV4 8HS
www.coatings.org.uk
info@bcf.co.uk
Registered in England 745398

circumvention are prioritised, rather than trying to find a solution. If it is possible for the EU to operate with an exemption based on tariff code exclusion combined with strict end-use declarations, the UK should be able to do the same. Not to do so would reduce the UK manufacturers competitiveness compared to their EU counterparts.

The BCF therefore submits that if tariffs are imposed (and we do not for all the reasons above) there should be an exclusion for printing ink grade TiO2.

6. Cumulative impact

While the TRA's methods require it to look at each case on its own merits, BCF would like to flag the problem created by the cumulative effects of both tariffs and ongoing government policies.

BCF members are being hit, or could potentially be hit, by tariffs imposed through multiple TRA investigations. For instance, general quotas and tariffs on steel introduced in July came on top of defensive tariffs via the TRA on tinplate steel back in March 2026. This will potentially increase costs to paint companies' packaging as many use tinplate steel for paint buckets. There is also a TRA investigation into anti-dumping investigation into Linear Low-Density (LLD) polyethylene imports from the USA, which are often used to make plastic paint buckets. With initial proposals from the TiO2 investigation also recommending tariffs, coatings companies could see price hikes to one of their most important raw materials and both types of packaging used in the space of just under a year.

Moreover, with the Business Secretary having ordered the TRA to carry out further analysis on the state of the UK chemicals sector, it is probable more investigations will be opened in future, the results of which could add further tariffs.

Looking beyond just tariffs, prices for raw materials used in the coatings sector have risen by nearly 30%, indexed to 2021. Causes have been varied, including Brexit, covid, the Ukraine war, the situation in the Middle East and other external forces. But operating costs have also risen due to domestic policies leading to high and rising energy costs, labour costs, and sustainability taxes and levies such as External Producer Responsibility for packaging and Plastic Packaging Tax. In addition, Defra's policy for UK REACH will see chemical registrations impose an additional £600 million in costs on businesses operating in the sector over the next few years.

Companies will always try to absorb extra costs for as long as they can but, ultimately, these will have to be passed onto consumers, not just in other parts

British Coatings Federation Ltd
Westwood Way, Westwood Business Park
Coventry, CV4 8HS
www.coatings.org.uk
info@bcf.co.uk
Registered in England 745398

of the manufacturing sector in the UK, including automotive, aerospace, and food packaging, but on consumers' bills.

BCF would urge the TRA, as part of its estimation of costs and benefits, to look at the broader picture of new and emerging costs to UK manufacturers downstream of the producer and to understand how additional tariffs will only worsen the business landscape, affecting investment, inflation and jobs.