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Your Ref: **Email:** [*redacted – contains personal information*]
[*redacted – contains personal information*] **Date:** 2 November 2026

Subject: **AD0086 – Anti-dumping investigation concerning imports of rutile titanium dioxide ("TiO2") originating in the People's Republic of China – Comments on the Statement of Essential Facts**

Dear Madam, Sir,

We refer to the Statement of Essential Facts ("SEF") published on 6 October 2026. We also refer to your email of 15 October 2026, by which the deadline for submitting comments on the SEF was extended until today. Our client ("the LB Group") is most grateful for the extension granted.

In this submission, our client will comment on the following aspects of the TRA's findings and recommendations:

1. The TRA's establishment of the normal value;
2. The TRA's establishment of the export price;
3. The TRA's decision not to recommend the end use authorisation procedure with regard to ink-grade rutile TiO2; and
4. The TRA's injury assessment.

1. Comments on the normal value

In this context, the LB Group submits that:

- There is no justification for the choice of Brazil as an appropriate representative third country;
- The TRA erroneously included the same administrative, selling and general ("ASG") costs twice for some of the LB Group producers; and

- The TRA should reconsider (some of) the adjustments made to the LB Group producers' cost of production.

a. There is no justification for the choice of Brazil as the representative third country

The TRA selected Brazil as the representative third country on account of Tronox Pigmentos Do Brazil S.A ("Tronox Brazil") being the only third country producer which was willing to cooperate.[1] The LB Group maintains that the TRA's selection of Brazil did not permit it to estimate the cost of production as accurately as possible what the exporter's costs and profits would be "*in the market of the exporting country or territory if costs, prices and profits in that market were substantially determined by market forces*" as required by Regulation 13(1) and (2) of the D&S Regulations. The LB Group submits that the TRA was not obligated to select Brazil merely because the only cooperating third-country producer is based in Brazil, given that there was other evidence to demonstrate that the said producer was not representative and would consequently not yield a representative benchmark; and in any event the TRA did not rely on that producer's data.

First, the LB Group notes that the TRA derived the benchmarks from international benchmarks and national statistics. Generally, the LB Group welcomes this approach as opposed to relying on data from the sole Brazilian producer, particularly because that producer is related to the Complainant in the present case.

Second, the LB Group notes that the TRA selected Brazil due to the availability of data (from Tronox Brazil).[2] However, at least from the SEF, the availability of data from Tronox Brazil appears to have played no part at all in the TRA's calculations. None of the benchmarks is drawn from Tronox Brazil. International benchmarks used for finance, feedstocks and chemicals do not depend on the choice of representative country at all; and national statistics for other inputs (e.g., electricity, labour and land) are equally published for the other candidate countries the TRA considered.[3] The fact that a Brazilian producer provided information therefore cannot justify choosing Brazil over Mexico (which has significant production of TiO2), especially when that company-specific information has not been used at all for the calculations.

Third, the TRA has not justified the choice of Brazil over Mexico based on the similarity of economic development or any other relevant factors. As the LB Group had submitted previously, Mexico is a more superior comparator due to its similarity to China in terms of economic parameters:

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[1] SEF, paras. 39-41.
[2] SEF, para. 406.
[3] SEF, para. 405.

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[4]	12,850	13,660	9,930
Human Development Index[5]	0.789	0.797	0.786

Therefore, the LB Group maintains that there is in fact no justification for the choice of Brazil. Consequently, the LB Group requests the TRA to reconsider Mexico and to use Mexican data to establish electricity, labour and land benchmarks.

b. The TRA erroneously included the same administrative, selling and general ("ASG") costs twice

The TRA appears to have erroneously included the same "Other costs" under ASG costs twice in calculating the Adjusted CTM and ASG per unit – and therefore the constructed normal value – for [*redacted – names of companies this information relates to*], as illustrated below:

[*redacted – commercially sensitive information relating to the cost of production*]

These (apparently) clerical errors overstate constructed normal value for [*redacted – companies this information relates to*], and consequently their dumping margins. The LB Group therefore requests the TRA to correct these errors.

c. Adjustments to the LB Group producers' cost of production

As concerns the adjustments made to the LB Group producers' cost of production and the AS&G, the LB Group has (serious) reservations with respect to the calculation of the following adjustments:

i. Feedstocks

ii. Electricity

[4] https://data.worldbank.org/indicator/.
[5] https://worldpopulationreview.com/country-rankings/hdi-by-country.

iii. Natural gas

iv. Steam

v. Labour

vi. Finance costs

These will now be addressed in turn.

i. <u>Feedstocks</u>

The SEF notes that titanium feedstocks are traded globally under a small number of commodity codes. The TRA ascertained global average prices for each category of feedstock used by every registered exporter and found distortions with regard to certain feedstocks compared with global benchmark costs.[6] The TRA indicates that it adjusted the cost of those purchases based on a global benchmark.[7] Subsequently, [*redacted – information relates to a copyrighted source*].

a) General

Before addressing some specific issues related to the individual feedstocks, the LB Group wishes to express its concern with the (general) adjustment methodology adopted by the TRA because it distorts the uplift upwards, and significantly inflates the dumping margin. In paragraphs 410 and 411 of the SEF, the TRA explains that it first adjusts for the difference between the China average cost and the benchmark cost. Then, the TRA makes a secondary adjustment to represent the company's costs in relation to the China average costs for the same input. The TRA explains that "*this methodology first removes distortions from the PRC market, and then restores the exporters cost position in the undistorted market to match that of its position in the PRC market. A company with comparatively high costs in the PRC will continue to have high costs in the undistorted market, and a company with lower costs in the PRC will still have comparably lower costs in the undistorted market.*"[8]

<u>First</u>, the LB Group fails to understand how this methodology yields a cost of production in the exporting market if those costs were substantially determined by market forces (which is the requirement of Regulation 13(2)).[9] In the LB Group's view, a direct comparison between the producer's costs and the benchmarks (and a subsequent uplift only to the benchmark) achieves the stated objective more accurately, as it ensures that the costs incurred by the exporting producers

[6] SEF, paras. 315-317.
[7] SEF, paras. 423-425.
[8] SEF, para. 411.
[9] Regulation 13(2).

are adjusted only as necessary, and only to the level they would be if they were determined by market forces. The two-step uplift is especially unnecessary where the producers have provided the unit costs.

Indeed, Regulation 13 directly cross-refers to Regulation 11 (for establishing costs of production) and Regulation 12 (for establishing administrative, selling and general costs). Both these Regulations refer to "*costs of production of the like goods in the exporting country or territory must normally be calculated by the TRA on the basis of records kept by the overseas exporter of the goods concerned*" and to "*reasonable amounts for the administrative, selling and general costs and for profits on the basis of the actual data pertaining to the production and sales by the overseas exporter of the like goods*".

The focus of the assessment is therefore the individual cost of production and AS&G costs of an exporter; not the cost of production and AS&G within the country of exportation. This focus on the individual exporter is further confirmed by the references to "*the purpose of the adjustments made in accordance with this regulation is to calculate what the overseas exporter's costs and profits would be*" (in Regulation 13(2)) and "*where the TRA considers that the amounts calculated in accordance with regulation 11 (costs of production) or regulation 12 (the amounts for administrative, selling and general costs and for profits) are unrepresentative because they do not reasonably reflect the overseas exporter's production, administrative, selling or general costs or profits in a market if those costs and profits were substantially determined by market forces*" (in Regulation 13(3).

Second, the TRA's approach effectively punishes exporters whose costs are less affected by the claimed PMS distortions compared to exporters whose costs are more affected by the claimed PMS distortions. This is clear from TRA's approach with respect to calculating the adjustment for [*redacted – product*].

As can be seen from the picture below, [*redacted – commercially sensitive information relating to the producer's cost of purchase of inputs and how it compares to data derived from copyright-protected information*][10] – and one would, therefore, expect an adjustment in that range to reflect an undistorted cost – but the ultimate adjustment made is [*redacted – commercially sensitive information whose disclosure will disclose the product discussed in this context*].

The difference between the China-wide average and the benchmark is [*redacted – percentage*]. The TRA's approach effectively punishes producers whose costs are more in line with international costs (and therefore less affected by the alleged PMS) and rewards producers whose costs deviate

[10] [*Redacted – commercially sensitive information relating to the producer's cost of purchase of inputs and how it compares to data derived from copyright-protected information*].

more substantially from international costs (and are therefore more affected by the alleged PMS). Indeed, [*redacted – commercially sensitive information relating to the producer's cost of purchase of inputs and how it compares to data derived from copyright-protected information*].

The same applies to [*redacted – name of company this information relates to*], whose purchase price for [*redacted – commercially sensitive information relating to the producer's cost of purchase of inputs and how it compares to data derived from copyright-protected information*][11] [*redacted – commercially sensitive information relating to the producer's cost of purchase of inputs, how it compares to data derived from copyright-protected information and the TRA's adjustment to that producer's cost*]. Yet, an adjustment of [*redacted – percentage*] was sufficient to remove the alleged distortion:

[*redacted – commercially sensitive information relating to the producer's cost of purchase of inputs and how it compares to data derived from copyright-protected information*]

In fact, [*redacted – name of company this information relates to*] would have received a smaller uplift if they had not provided the unit cost data (the uplift would have been at about [*redacted - percentage*), than by providing data which showed [*redacted – commercially information relating to the producer's cost of purchase of inputs and how it compares to data derived from copyright-protected information*]. The TRA's methodology therefore risk disincentivizing producers to provide detail cost information if their costs are higher (and therefore less distorted) than the China-wide average and incentivizing producers providing such data when their costs are more distorted.

Third, the LB Group fails to understand why the TRA made adjustments to actual costs which were *higher* than the benchmark price, as illustrated below:

[*redacted – commercially sensitive information relating to the producer's cost of purchase of inputs and how it compares to data derived from copyright-protected information*]

Indeed, for [*redacted – name of product*], the purchase cost of [*redacted – names of companies*] was adjusted upwards (by around [*redacted – percentage*]) even though these were (substantially) above the benchmark price. The sole reason for doing so appears to be that the China-wide import price is lower than the benchmark.

Where the costs actually incurred by an exporting producer for an input are higher than the benchmark, those costs are, by definition, not artificially low, and there is no distortion in that producer's costs which should be corrected. Regulation 13(6) explicitly confirms this by stating

[11] [*Redacted – commercially sensitive information relating to the producer's cost of purchase of inputs and how it compares to data derived from copyright-protected information*].

that "*domestic costs, prices and profits are 'substantially determined by market forces' where they are substantially determined by free market forces and the costs or prices in the domestic market are not artificially low*". As noted above, the overall focus of Regulations 11 (for costs of production); 12 (for ASG); and 13 (for making adjustments to costs of production and ASG) is on the individual situation of an exporting producer; not country-wide costs of production. This is confirmed by the TRA's practice in *Tin Mill Products* where the TRA compared the exporter's costs to the benchmark. Where those costs were higher than the benchmark, the TRA did not apply adjustments.[12]

Applying to those costs an adjustment derived from a comparison between the average China costs and the benchmark introduces a distortion to the exporting producer's costs, and then necessitates an adjustment to correct a distortion to (individual) costs which did not exist in the first place. It subsequently inflates the constructed normal value and consequently, the dumping margin.

That is clear from the specific situation of LB Group with respect to [*redacted – name of product*]. The purchase cost is [*redacted – commercially information relating to the producer's cost of purchase of inputs*] which is [*redacted – percentage*] higher than the benchmark price (of showed [*redacted – derived from copyright-protected information*]. Yet, because this cost is also [*redacted – percentage*] higher than the average China-wide import price [*redacted – derived from copyright-protected information*] – which in turn is [*redacted – percentage*] lower than the benchmark price – an uplift of [*redacted – percentage*] is applied to the actual cost of [*redacted – commercially information relating to the producer's cost of purchase of inputs*]. This gives the rather absurd result that the TRA considers that the LB Group's undistorted cost should be [*redacted – commercially sensitive information relating to the TRA's adjustments based on copyright-protected information*] even though it itself considered [*redacted – commercially sensitive information relating to the TRA's adjustments based on copyright-protected information*] the appropriate cost in the absence of distortions.

Similarly, for [*redacted – product*], the (purchase) cost for the LB Group companies is well above [*redacted – commercially information relating to the producer's cost of purchase of inputs*] as can be seen from the table below.[13] That is more than [*redacted – percentage*] higher than the benchmark rate applied by the TRA ([*redacted – derived from copyright-protected information*]). However, by applying the [*redacted – commercially information relating to the TRA's adjustment to the producer's cost of purchase of inputs*] to the LB Group's actual cost, the TRA arrives at a market cost of more than [*redacted – commercially information*] even though it itself established

[12] See e.g., *Tin Mill Products from China*, Final Determination, para. 284.
[13] Data based on feedstock adjustment calculation sheet by TRA.

that a cost of [*redacted – derived from copyright-protected information*] is the appropriate cost in the absence of distortions.

[*redacted – commercially information relating to the producer's cost of purchase of inputs*]

Fourth, there is also a conceptual flaw by taking the difference between a company's actual costs and China-wide costs into account in calculating the adjustment. As can be observed from the TRA's feedstock adjustment calculation, the China-wide price is essentially an FOB price and, therefore, does not capture the "landed cost" in China but, rather, only the cost prior to the shipment of goods to China. The cost reported by the LB Group producers, however, [*redacted – commercially sensitive information relating to the terms of trade*]. The real difference between the China-wide price (as calculated by the TRA) and the LB Group cost is therefore substantially [*redacted – comparative term*].

For the above reasons, the LB Group considers that the TRA's methodology unjustifiably inflates the adjustment, contrary to the requirements of Regulation 13(2) and consequently, the dumping margin. The LB Group thus requests the TRA to revisit its assessment as follows:

- Where the LB Group's purchase prices/costs are above the benchmarks, an adjustment is neither justified nor warranted. Those prices inherently reflect the situation if there was no market distortion.

- Where the LB Group's purchase prices are above the average China price, the TRA should merely apply the uplift *vis-à-vis* the international benchmark. Adjusting them downwards to the average China price introduces price distortions which did not exist.

We will now address some specific issues related to individual feedstocks.

b) Sulfate ilmenite

The TRA established a distortion for sulfate ilmenite on the basis that the China-wide average price is [*redacted – derived from copyright-protected information*] lower than the benchmark. As explained above, the LB Group considers that, at least in the situation of the LB Group, there is no such distortion. Indeed, the purchase prices/costs of [*redacted – names of companies*] are well above that international benchmark.

Moreover, when the average CIF (as opposed to the FOB price) price for China ([*redacted – derived from copyright-protected information*]) is compared with average CIF price for other countries ([*redacted – derived from copyright-protected information*]), it becomes clear that there is either no distortion or the distortion is very minimal (only [*redacted – derived from copyright-protected information*]).

c) Titanium slag

The LB Group notes that an adjustment of [*redacted – percentage*] was made for [*redacted – name of company*] for chloride/titanium slag on the basis of the difference between the cost of domestic titanium slag and the benchmark. As can be observed from the picture below (from the feedstock adjustment table for [*redacted – name of company*]), [*redacted – commercially sensitive information relating to the sources of the inputs and the adjustments made by the TRA to the producer's costs*].

The LB Group therefore request the TRA to:

- In line with its approach in this case and past practice, to not make an adjustment for imported titanium slag; or
- Not make an adjustment at all since the average cost for titanium slag (at [*redacted – commercially sensitive information relating to the producer's cost of purchase of inputs*] is above the [*redacted – derived from copyright-protected information*] benchmark established by the TRA.

d) Synthetic rutile

As concerns the benchmarks used for synthetic rutile our client has the following comments in addition to the general comment above.

The synthetic rutile [*redacted – derived from copyright-protected information*]. The LB Group hereby attaches as **Annex 1** the certificates of analysis for the major suppliers of synthetic rutile listed in [*redacted – derived from copyright-protected information*]) which show synthetic rutile with TiO2 contents of [*redacted – commercially sensitive information*].

The synthetic rutile produced by [*redacted – names of companies and confidential business information*] – by contrast has a (much) lower TiO2 content of between [*redacted – commercially sensitive information relating to the chemical composition of the producers' input purchases*] (see **Annex 2** for some certificates of analysis during the IP). The synthetic rutile used by [*redacted – names of companies*] is therefore – when it comes to the TiO2 content – [*redacted – commercially sensitive information relating to the chemical composition of the producers' input purchases*].

That the synthetic rutile used by [*redacted – commercially sensitive information relating to names of companies, chemical composition of the producers' input purchases, and the producers' cost of purchase of inputs*].

Similarly, the [*redacted – commercially sensitive information relating to a producer's purchases of an input*]. As can be observed from **Annex 3**, its TiO2 content is around [*redacted –*

commercially sensitive information relating to the chemical composition of the producers' input purchases].

The LB Group therefore submits that, for establishing the benchmark for synthetic rutile, the benchmark for [*redacted – commercially sensitive information whose disclosure would disclose the chemical composition of the producers' inputs]* is the more appropriate benchmark given the TiO2 content of the synthetic rutile produced within the LB Group. With per unit costs of [*redacted – commercially sensitive information relating to a producer's purchases of an input*], the LB Group notes that its actual costs for synthetic rutile are the same or above the [*redacted – derived from copyright-protected information*] benchmark established by the TRA. Therefore, no adjustment for synthetic rutile is necessary as the LB Group's costs are already above the market benchmark.

ii. Electricity

The TRA established the electricity benchmark by reference to Brazilian industrial electricity prices of between 0.9 and 1.25 BRL/kWh based on data obtained from Intratec. The TRA then applied an exchange rate of 1.2863 CNY/BRL and arrived at a benchmark of approximately 1.299 CNY/kWh.[14] The TRA also stated that those prices were consistent with monthly electricity data published by the Brazilian government up to December 2024.[15] The SEF does not mention any adjustment to those prices, and the LB Group therefore understands that none was made.

The LB Group submits that the TRA should adjust those prices to remove taxes that industrial producers can recover. A benchmark that includes recoverable taxes does not reflect the cost actually borne by an industrial producer in Brazil. Intratec describes its Brazilian industrial electricity assessment as covering "generation, transmission, and distribution costs, **plus taxes**".[16] These taxes include the 'Imposto sobre Circulação de Mercadorias e Serviços' ("ICMS"), a tax levied by the Brazilian states on the circulation of goods and the provision of interstate and inter-municipal transportation and communication services (including electricity). Industrial users in Brazil can claim back this tax, and therefore it is not effectively a cost on the producer (*i.e.*, the consumer of electricity). The LB Group therefore considers that this tax should be deducted from the electricity benchmark in order to establish a representative comparator, as its inclusion overstates the true cost of electricity to an industrial producer in Brazil.[17]

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[14] SEF, para. 276.
[15] SEF, para. 278.
[16] Intratec, Brazil – Energy Prices & Markets, Price Assessments, available at < https://methodology.intratec.us/assessments-catalog/iep/country-guides/brazil/?a=electricity-industrial-sector-brazil-including-generation-transmission-and-distribution-costs-plus-taxes#price-assessments >, last accessed on 15 October 2026.
[17] 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 (233).

As to the amount of tax, the LB Group notes that the ICMS rate in Bahia (where Tronox Brazil is located, and the location the TRA itself used for the land benchmark) was 20.5% throughout the IP.[18] The LB Group therefore submits that the TRA should adjust the benchmark by deducting 20.5% (as this amount can be claimed in full) bringing the representative benchmark to 1.0327 CNY/kWh.

In sum, the LB Group requests that the TRA re-establish the electricity benchmark net of recoverable taxes, and recalculate the energy adjustment applied to each LB Group company accordingly for both the direct and indirect energy costs. The corrected benchmark should also apply to the electricity component of steam, which the TRA adjusted using the same energy distortion.[19]

This is particularly so since (1) that benchmark has been compared with the LB Group's electricity costs ([*redacted – commercially sensitive information*]); and (2) the export price has been established net of VAT so no VAT (or other indirect taxes) can be included in the constructed normal value.

iii. Natural gas

The TRA established that natural gas costs of in Brazil are higher than in China by 14.49%.[20] The TRA relied on a secondary source of industrial natural gas pricing data, which it considered to be the best facts available.[21]

First, while the SEF indicates that the TRA established the benchmark for natural gas based on GlobalPetrolPrices for 2023-2026,[22] the benchmark calculations which were provided to the LB Group by the TRA indicates that the benchmark was in fact based on import data for 2025 obtained from the [*redacted – copy-right protected source*].

Second, a review of the benchmark calculations indicates that there is an arithmetic error which misrepresents the relationship between Chinese and Brazilian cost of natural gas. Specifically, the price for each country (on the sheet "Imports") is computed as quantity divided by value (*i.e.*, kgs per CNY) rather than value divided by quantity (i.e., CNY per kilogram). Correctly calculated from the same data, [*redacted – derived from copyright-protected information*].[23] The TRA's own data therefore shows the opposite of what the SEF states. It neither supports the TRA's finding that

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[18] < https://inventti.com.br/sefaz-ba-lei-14-629-2023-altera-aliquotas-do-icms-para-2024 >, last accessed on 15 October 2026.
[19] SEF, para. 288.
[20] SEF, para. 283.
[21] SEF, para. 281.
[22] SEF, paras. 281 and 283, fn. 169.
[23] **Annex 4**_Confidential.

natural gas in China is artificially low, nor provides a proper basis for any adjustment. Consequently, the LB Group requests that the TRA correct this arithmetic error and, as the corrected data shows no price advantage for Chinese producers, remove the natural gas adjustment from both the direct and indirect energy costs. The corrected benchmark should also apply to the electricity component of steam, which the TRA adjusted using the same energy distortion.[24]

iv. Steam

The TRA concluded that because steam is generated by a mixture of gas and electricity, it treated the distortions in steam generation as being equal to the wider distortions in energy and applied the mix of electricity and gas as appropriate.[25] The steam adjustment therefore depends entirely on the electricity and gas adjustments. Any correction to those adjustments, including the correction of the gas calculation and the deduction of recoverable taxes from the electricity benchmark, must therefore also be reflected in the steam adjustment. The LB Group requests that the TRA recalculate the steam adjustment accordingly. The LB Group notes that this adjustment should apply to both the direct and indirect energy costs.

v. Labour

The TRA established the labour benchmark based on Brazilian employment data for companies in the inorganic chemical production sector (available until the end of December 2024), adjusted using the consumer price index and then converted into CNY.[26] The TRA determined that there was a discrepancy of 147% for direct labour and 80% for indirect labour between China's and Brazil's labour costs.[27]

The LB Group notes that there is a clerical error in the conversion of BRL to CNY, which significantly overstates the benchmark.[28] In the TRA's calculation workbook, the Brazilian figure for 2024 was adjusted (for inflation) to a corresponding value for 2025. The LB Group has no issue with this.

However, that 2025 figure has then been converted to CNY but has also been added on top of the original amount in BRL as can be observed from the picture below. The correct figure, however, is the 2025 amount in BRL multiplied by the exchange rate. That gives the figure in red font ([*redacted*] CNY) rather than the [*redacted*] CNY calculated by the TRA. The same error was made for indirect labour (with the correct figures indicated in red).

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[24] SEF, para. 288.
[25] SEF, para. 288.
[26] SEF, paras. 299-301.
[27] SEF, para. 301.
[28] **Annex 5**_Confidential.

[*redacted – screenshot TRA's dumping margin calculations and LB Groyp's checks*]

This overstates the Brazilian benchmark by approximately [*redacted*]%. Corrected, the price difference between the PRC and Brazil falls from [*redacted*]% to approximately [*redacted*]% for direct labour, and from [*redacted*]% to approximately [*redacted*]% for indirect labour.[29] The LB Group requests a correction of this clerical error for both direct and indirect labour costs. Additionally, with regard to indirect labour, a difference of about [*redacted*]% is immaterial and does not demonstrate that this cost element is distorted. Thus, the LB Group requests the TRA not to adjust this element.

vi. Finance costs

To adjust the cost of finance, the TRA compared the average central bank rate in China to the average rate of "peer countries in the G20" (9.0%) and concluded that when China is excluded, the average interest rate differed by 197%. The TRA combined this difference with alleged distortions to credit ratings in China to arrive at a benchmark adjustment of 221%.[30]

The LB Group considers that the average interest rate of G20 countries is significantly distorted by the inclusion of countries which experienced high inflation and high interest rates in 2025. In this regard, the LB Group notes that the *median* interest rate for the G20 as a whole is 4.23%, and 4.53% excluding China. The average interest rate relied on by the TRA (9%) is double the median, and is driven by the very high interest rates in Türkiye, Argentina, Russia and Brazil:[31, 32]

Economy	2025 average interest rate	2025 inflation rate
Türkiye	42.83%	34.9%
Argentina	29%	41.90%
Russia	18.92%	8.70%
Brazil	14.56%	5.0%

In Türkiye, Argentina and Russia, the interest rates respond to inflation rates of between 8.7% and 41.9% (which are significantly above the median inflation rate of 2.7% for the G20 as a whole and

[29] See **Annex 5**_Confidential for the details.
[30] SEF, paras. 303-312.
[31] Bank for International Settlements, Central bank policy rates (WS_CBPOL), < https://data.bis.org/topics/CBPOL >, last accessed on 16 October 2026.
[32] International Monetary Fund, World Economic Outlook: Global Economy in the Shadow of War, April 2026, Statistical Appendix, < https://www.imf.org/-/media/files/publications/weo/2026/april/english/tablea.pdf >, last accessed on 16 October 2026.

2.8% excluding China). While Brazil's inflation high is not aberrational, it has maintained a very restrictive monetary policy stance, which explains its high interest rates. The specific circumstances of these countries result in a benchmark which is not representative of what the cost of finance would be if finance in China were subject to market forces. Instead, it introduces distortions present in other countries.

i) To address these distortions and arrive at a representative benchmark, the LB Group proposes that the TRA establish the average interest rate of countries with inflation rates of 2.8% and below (*i.e.*, the median rate excluding China). This would result in an average interest rate of 3.61%. Applying the TRA's own methodology, including the 12% credit-rating adjustment, the adjustment to finance costs falls from 221%, which is unreasonably high and unrepresentative, to 21.2%.[33]

ii) Alternatively, as a more conservative approach, the TRA could exclude the countries whose high interest rates reflect exceptional factors (Türkiye, Brazil, Argentina and Russia). This would result in an average interest rate of 4.06%. Applying the TRA's own methodology, including the 12% credit-rating adjustment, the adjustment to finance costs falls from 221% to 37.9%.[34]

The LB Group maintains that option (i) above is more preferrable as it links the finance costs to the rates of inflation. Option (ii) merely removes countries with extremely high interest rates from the assessment, but it nonetheless confirms that the TRA's current benchmark is unreasonable and unrepresentative.

The LB Group therefore requests that the TRA recalculate the finance cost benchmark using option (i) or, alternatively, option (ii).

2. Calculation of the export price

For establishing the export price, the TRA did not use the resale price by Billions Europe Limited ("BEL") but the sales price by Billions Hong Kong (and the Chinese factories) to BEL on the basis that the price difference between sales to independent customers in the UK and BEL (the associated importer) was immaterial.[35]

However, [*redacted – commercially sensitive information*]. As can be observed from the table below[36] – [*redacted – commercially sensitive information*].

[33] **Annex 6**_Confidential.
[34] **Annex 6**_Confidential.
[35] SEF, paras. 436-438.
[36] Data based on the dumping margin calculations disclosed by the TRA.

[*Redacted – commercially sensitive information*]. The LB Group therefore submits that, in line with the requirements set out in Regulation 15(4) of the Regulations, the export price should be set at "*the price at which the goods concerned are first sold to an independent buyer in the United Kingdom*".

Not doing so deflates the LB Group's export price and thereby inflates the dumping margin. That is particularly so since [*redacted – commercially sensitive information*]. As can be observed from the table below,[37] [*redacted – commercially sensitive information*].

For the above reasons, the LB Group requests the TRA to use BEL's sales price to unrelated customers as the starting point for establishing the export price.

3. The TRA should exempt rutile TiO2 for use in white graphic ink production

The TRA declined to recommend exempting rutile TiO2 used to produce white graphic ink from the measure. This is despite the TRA's own findings which clearly justify an exemption.

The TRA acknowledged that there is no, and has not been during the IP, any UK production of dedicated ink-grade rutile TiO2.[38] The TRA further noted that sulphate-produced grades (which are not produced in the UK) are preferred for this use because their small, less abrasive particles reduce deterioration of printing press cylinders.[39] It is therefore evident that dedicated ink-grade rutile TiO2 (i) does not compete with UK-produced rutile TiO2, and (ii) is indispensable to UK ink manufacturers. In fact, other than Chinese suppliers, suitable specialist supply is only available "*from a limited number of European facilities* ***and that there have been supply issues***".[40] This finding is in line with that of the European Commission, which determined that there are no available suppliers outside China and the EU.[41] Therefore, curtailing Chinese supply will not protect the UK rutile TiO2 producers, but will have a disproportionate impact on ink manufacturers who use this specialist grade TiO2.

In this respect, the TRA acknowledged that a measure on ink-grade TiO2 could weaken the ability of UK ink manufacturers to compete and reduce the attractiveness of locating white-ink production

[37] Data based on the dumping margin calculations disclosed by the TRA as well as the verified ADQ reply of BEL.
[38] SEF, para. 57.
[39] SEF, para. 722. In para. 722 of the SEF, the TRA states that some chloride-produced products are suitable for some manufacturers of certain inks. However, the LB Group also notes the TRA's finding that no ink-grade TiO2 was produced in the UK during the IP; and that supply only comes from China and the EU (although even in the EU there have been supply challenges. (SEF, paras. 57 and 723).
[40] SEF, para. 723. (Emphasis added)
[41] Commission Implementing Regulation (EU) 2025/4 of 17 December 2024 imposing a definitive anti-dumping duty and definitively collecting the provisional duty imposed on imports of titanium dioxide originating in the People's Republic of China, recital (484).

in the UK.[42] The TRA's own analysis indicated that removing dedicated ink-grade rutile TiO2 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.***"[43]

The LB Group is therefore surprised that after making the acknowledgments outlined above, the TRA decided not to exclude dedicated ink-grade rutile TiO2 from the measure. The TRA's reasons for doing so (the risk of circumvention of anti-dumping duties and the difficulty of verifying end use) do not justify imposing a measure that the TRA accepts would harm UK ink manufacturers while having a limited (if any) effect on the UK rutile TiO2 producer. While the TRA states that it has not yet identified a practical mechanism to ensure separate treatment for dedicated ink-grade rutile TiO2 without creating significant administrative challenges or risks of circumvention, the LB Group considers that the existing authorised use procedure provides such mechanism.

First, the TRA concludes that verifying end use for users and His Majesty's Revenue and Customs ("HMRC") would be technically difficult especially "*as there are no immediately observable characteristics which differentiate standard and dedicated ink grade rutile [TiO2].*"[44] However, the authorised use procedure does not rely on observable physical characteristics. It relies on the **use** of the goods, verified through the records of the holder of the authorisation (*i.e.*, the importer or ink manufacturer authorised by HMRC to use the procedure) and supervised by HMRC. Goods remain under customs supervision until the procedure is discharged, HMRC may inspect stock and records, and duty becomes payable if the goods are diverted from the authorised use.[45] Thus, the absence of observable physical characteristics is irrelevant.

Second, the TRA considers that the complexity of the supply chain in the UK, where end users are often not the importers, poses a significant drawback to the authorised use procedure.[46] However, UK legislation contains several safeguards against this risk.

i) The use authorisation can be granted to the ink manufacturers themselves. Where an ink manufacturer imports directly, the relief would apply only to goods it declares and uses itself, under HMRC supervision and on the basis of its own records. In that case, the concern that end users are not the importers (or do not use the imports for purposes of ink production) does not arise at all.

[42] SEF, para. 720.
[43] SEF, para. 729. (Emphasis added)
[44] SEF, para. 731.
[45] Taxation (Cross-border Trade) Act 2018, Schedule 2, paras. 19-20.
[46] SEF, para. 731.

ii) Where an ink manufacturer buys from a distributor, rights and obligations under the authorised use procedure can be passed along the supply chain; in that an importer who holds the use authorisation transfers the obligations when it sells the rutile TiO2 to an ink manufacturer. The ink manufacturer (who also holds an authorisation) uses the rutile TiO2 to produce white graphic ink and discharges the procedure.[47] Thus, every link of the chain is controlled and monitored by HMRC in that: (a) HMRC must approve each transfer;[48] (b) the purchaser of the goods concerned must meet the criteria for authorisation;[49] (c) HMRC may grant an application for transfer subject to conditions[50] (in this case, the condition could be that the purchasers be named ink manufacturers who use the dedicated ink grade rutile TiO2 to produce white ink); (d) the duties follow the goods, in that if the transferee fails to use them as authorised, it pays the anti-dumping duty;[51] and (e) finally, the goods stay under customs supervision until they are used.[52]

Either way, there is a documented chain of custody from import to end use, in which every party is authorised, identified and liable.

Finally, the TRA is concerned about circumvention and states that it has identified a significant number of PRC products whose primary intended use is not ink manufacturing, but which are recommended for use in graphic inks as a secondary application; and that those goods are being declared "*this way to an extent that far exceeds the TRA's estimate of the likely demand by ink manufacturers alone*."[53] In the LB Group's view, authorised use does not pose this risk. This is because the duties are only relieved on goods actually used to produce white graphic ink, as shown by the holder's records and confirmed by HMRC. Any goods not put to that use bear the full duty, so there is no incentive to mis-declare.

The European Commission took the same approach. Although it kept graphic TiO2 within the product scope, it granted an end-use exemption for graphic TiO2 used in the production of printing inks in its anti-dumping measure on TiO2 from China.[54]Without an equivalent exemption, UK ink manufacturers would be at a direct disadvantage to their EU competitors, a risk the TRA itself has identified.

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[47] Customs (Special Procedures and Outward Processing) (EU Exit) Regulations 2018 (SI 2018/1249), reg. 42.
[48] Customs (Special Procedures and Outward Processing) (EU Exit) Regulations 2018 (SI 2018/1249), reg. 42(2)-(3).
[49] Customs (Special Procedures and Outward Processing) (EU Exit) Regulations 2018 (SI 2018/1249), reg. 42(5).
[50] Customs (Special Procedures and Outward Processing) (EU Exit) Regulations 2018 (SI 2018/1249), reg. 42(6).
[51] Customs (Special Procedures and Outward Processing) (EU Exit) Regulations 2018 (SI 2018/1249), reg. 42(8).
[52] Taxation (Cross-border Trade) Act 2018, Schedule 2, paras. 19-20.
[53] SEF, para. 732.
[54] Commission Implementing Regulation (EU) 2025/4 of 17 December 2024 imposing a definitive anti-dumping duty and definitively collecting the provisional duty imposed on imports of titanium dioxide originating in the People's Republic of China, recitals (158-160), (484-499).

The LB Group therefore requests that the TRA recommend a nil rate of anti-dumping duty for rutile TiO2 declared for use in the production of white graphic inks for printing, administered through the authorised use procedure. At a minimum, the LB Group requests that the TRA put this option to the Secretary of State.

4. The TRA's injury assessment should use the LB Group's prices to independent customers

In assessing price undercutting, and in calculating the injury margin, the TRA compared the landed price of the goods concerned with the UK industry's ex-factory sales price and target price respectively.[55] As the TRA noted, the LB Group sold the goods concerned into the UK both directly to independent customers and through its related importer, BEL. For both channels, the TRA added post-importation costs (customs duties, port charges and storage fees) to the CIF value to arrive at the landed price.[56] For sales through BEL, the TRA therefore stopped at BEL's purchase price. [*Redacted – commercially sensitive information*].

As a result, the two sides of the comparison are not at the same level of trade. This is because UK producers typically sell directly to industrial customers,[57] while the LB Group [*redacted – commercially sensitive information relating to the sales channels used by the Group*]. The UK industry's price is therefore the price paid by the industrial consumer (adjusted to the ex-works level), while for goods sold through BEL, the landed price is the cost *to the importer* (i.e., one stage earlier in the supply chain), not *to the customer*. Any price effect of those imports on the UK industry can only arise at the price at which BEL resells them to independent customers. A difference between prices measured at different stages of the supply chain is not evidence of undercutting, nor of the price increase needed to remove injury.[58]

The LB Group therefore requests the TRA to recalculate both the undercutting margin and the injury margin for sales through BEL, using BEL's resale price to the first independent customer, on the same delivery terms as the UK industry's prices.

5. Conclusion

In conclusion, the LB Group requests the TRA to reconsider its choice of Brazil as the representative country, address the LB Group's concerns with regard to the adjustments, use BEL's resale price as the starting point for determining the export price and recommend the exclusion ink-grade TiO2 from the anti-dumping duties through an authorised use procedure. Finally, the

[55] SEF, paras. 478 and 655.
[56] SEF, paras. 655 - 657.
[57] SEF, para. 82.
[58] See e.g., WTO Panel Report, *China – Broiler Products* (DS427), para. 7.481.

LB Group requests the TRA to reconsider its injury assessment by comparing the UK industry's prices to BEL's selling price to the first independent customer.

Please do not hesitate to contact us should you have any questions or require further information.

Yours sincerely,

[*redacted – contains personal information*]
[*redacted – contains personal information*]