

AD0086 – Rutile TiO2 originating in China

Comments on the SEF – Injury

China National Coatings Industry Association

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Issues to be discussed

1 Legal standard for a threat of material injury

- Injury must be “clearly foreseen and imminent”

2 No threat of material injury on account of imports from China

- Introduction: a determination resting entirely on a threat
- Import volumes (Regulation 28(2)(a))
- Chinese capacity and trade diversion (Regulation 28(2)(b))
- Import prices (Regulation 28(2)(c))
- Sulphuric acid export controls

3 Likely impact on the UK industry and causation

- Likely impact on the UK industry
- No causal link with imports from China
- Interim conclusion

4 Target profit

- Target profit of 17.76% not supported by positive evidence

1 Legal standard – Injury must be "clearly foreseen and imminent"

- Regulation 28(1) and Article 3.7 ADA:
  - Prospective exercise on the impending impact of dumped imports on the domestic industry
  - Injury must be "*clearly foreseen and imminent*", based on facts and "*not merely on allegation, conjecture or remote possibility*".
- A "high standard", applied with "special care" during the investigation (WTO Panels in *Mexico – Corn Syrup & US – Softwood Lumber VI;* also Article 3.8 ADA).
- Projections must be "*adequately explained and supported by positive evidence on the record*" (*US – Softwood Lumber VI (Article 21.5 – Canada)*).
- Same logical progression applies as for material injury – volume, price effects, impact, causation – but prospective (*China – HP-SSST*; *Dominican Republic – AD on Steel Bars*).
- Post-POI data may only "confirm or invalidate" the forecasts.
- **The TRA must show how the future will differ from the immediate past (*US – Softwood Lumber VI*).**

2.a Introduction – A determination resting entirely on a threat

- The TRA found **no material injury**: no significant increase in imports from China, and economic factors that are "mixed" or inconclusive.
- The affirmative determination rests on three alleged "changes in circumstances":
  - limited access of Chinese producers to third-country markets;
  - increasing excess capacity in China;
  - Chinese export controls on sulphuric acid,
- … and on negative indicators "*into the final year of the IP*", said to show a threat "*beginning to materialise*".
- **The CNCIA respectfully disagrees that these are "changes in circumstances", and that the final year of the IP indicates a threat of injury.**

2.b Import volumes – The increase only came after initiation

- Regulation 28(2)(a) requires (i) a **significant rate of increase** of imports, (ii) **indicating a likelihood of substantially increased importation**.
- The TRA accepts there was **no significant rate of increase** over the POI or the IP – imports from China stayed **below 10% of UK production** throughout – but the TRA relies on January–July 2026 imports being 52.84% above the same months of 2025.

Period	Average monthly imports from China (MT)	vs. POI average
POI (January – December 2025)	1,545	–
January – February 2026 (before initiation)	1,633	+5.7%
August – December 2025 (Greatham idle from October 2025)	1,672	+8.2%
January – July 2026 (mostly after initiation; Greatham idle)	2,223	+43.9%

Source: SEF, paras. 100, 554 and 555; August – December 2025 derived from the TRA's own figures.

- **Applying the TRA's own approach in AD0049, imports before initiation remained in line with the POI average.**

2.b Import volumes – The post-POI increase is not indicative

OUT-OF-SCOPE GOODS

The 2026 HMRC data include anatase and goods below 80% TiO2. Unlike for the IP, the TRA did not estimate which share of the 2026 increase is rutile TiO2.

SEVEN MONTHS ARE NOT A TREND

Recent data must be assessed against the whole IP (*US – Lamb*).

Over four years, imports fluctuated and tracked UK consumption; the ten-year trend cannot be attributed to dumped goods.

INITIATION AND THE GREATHAM SHUTDOWN

The increase coincides with the investigation and with Greatham – 150,000 of 315,000 MT of UK capacity – producing nothing from October 2025 to 18 August 2026.

GREATHAM HAS RESTARTED

Production resumed on 18 August 2026, with full capacity by early 2027 – more than total UK consumption of 72,000–90,000 MT. The TRA should consider it (*Mexico – Corn Syrup*).

The restart of Greatham can only reduce the need for imports from China

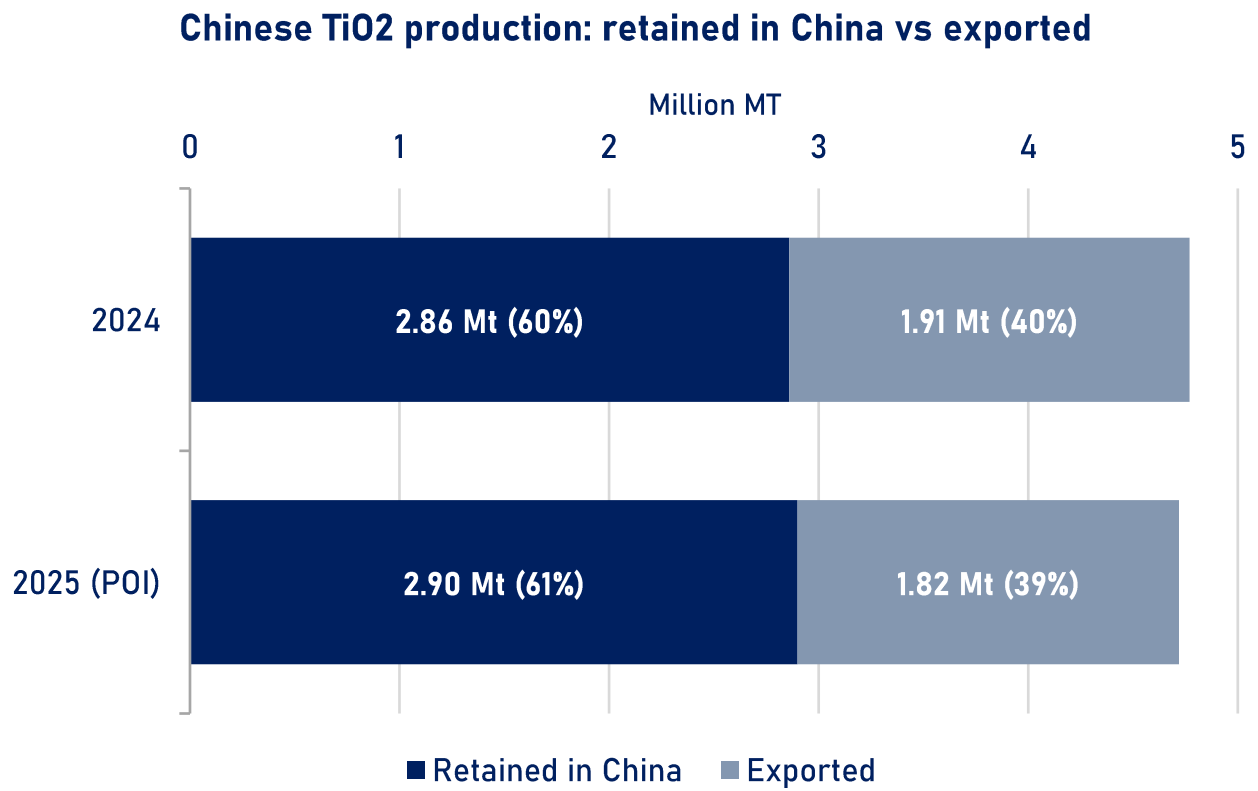
2.c Chinese capacity – Fell in the POI; new capacity not imminent

China (million MT)	2024	2025 (POI)
Production capacity	5.9	5.7
Output	4.67	4.72
Unused capacity	**1.23**	**0.98**

Source: SEF, para. 558; unused capacity = capacity minus output.

- Unused capacity fell by approx. **20%** in the POI – while UK imports did not increase significantly.
- **Bengbu Guotai** (80,000 MT): in stable mass production since 10 October 2025 – already part of the POI.
- **Tianeng** (400,000 MT): approved on 11 August 2026; construction not started and will take up to 36 months – completion at least 44 months after the POI.
- Forecasts of capacity additions up to 2029 are not "imminent".
- **Imminent means "*on the verge of occurring*" *(US – Lamb)***

2.c Chinese capacity – The Chinese market absorbs most production



Source: CNCIA comments, para. 42 (SEF, para. 558; Chinese industry data).

- The TRA examined only the five markets with measures – **not Chinese domestic demand**.
- In 2025, about 61% of Chinese output stayed in China; exports fell by 4.5% to 1.82 million MT.
- By comparison, UK consumption is only 72,000–90,000 MT per year.
- **In *Hubei*, the EU General Court annulled a threat of material injury finding because the institutions never considered the Chinese internal market.**

2.c Trade diversion – No evidence of diversion to the UK

TRA'S POSITION

Chinese exports will be diverted to the UK

- Anti-dumping duties in the EU, Brazil, India, Saudi Arabia and the EEU limit access to third markets.
- Imports from China into those markets fell by 21,170.4 MT per month, which "*has the potential to significantly impact the UK market*".

CNCIA'S POSITION

No diversion has been shown

- EU and Indian duties already applied in the POI – yet UK imports did not increase significantly, even as Venator left the market.
- **Circumstances that already existed in the POI are not a "change in circumstances".**
- The TRA only brings "*two sets of facts together*" – no link with UK imports (*EU – Steel Safeguards*).
- 21,170.4 MT is a fall in other markets – not an estimate of diverted volumes.
- Even if diverted, the TRA did not assess the impact on the UK industry.

If diversion did not occur in 2025, when conditions were most favourable, it is not imminent now

2.c Trade diversion – India and the EEU are open to Chinese exports

Market	SEF	Actual situation
India	Duties "*reintroduced since the POI*" (para. 571)	No duties from September 2025 (findings quashed). New findings on 3 August 2026; duties imposed only on 24 October 2026 – after publication of the SEF, not retroactive.
EEU	One of five markets with measures in force	Duties suspended on 21 September 2026, with effect from 3 October 2026 – before the publication of the SEF – until 10 August 2027.

- The effect of India's new duties must be assessed on evidence of actual trade flows – not presumed.
- **Two of the TRA's "five markets" were open to Chinese exports when the SEF was published.**

2.d Import prices – No depression or suppression of UK prices

- Regulation 28(2)(c) is forward-looking – prices "*which will have*" a significant effect. However, the TRA carried out no prospective analysis (*Dominican Republic – AD on Steel Bars*).
- The TRA's own post-POI sources show repeated, cost-driven Chinese price increases in 2026:
  - 25 companies raised prices three times within a month – approx. +RMB 1,000 per tonne by late March 2026
  - Prices continued to increase through September 2026
- The Applicant itself reported improving TiO2 prices in Q1 2026.
- Increase in domestic and import prices undermines the finding of threat of price depression.
- The price comparison uses a basket including anatase and goods below 80% TiO2, and sulphate-process against chloride-process TiO2 – without any adjustment.
- **Rising prices contradict any threat of price depression or suppression.**

2.d Import prices – Compare prices at the same level of trade

- For sales through its related importer **Billions Europe Limited ("BEL")**, the TRA used the CIF value plus post-importation costs – i.e. BEL's purchase price.
- No adjustment was made for BEL's selling, general and administrative costs or profit.
- The UK industry's price is the ex-factory price to industrial customers – one stage later in the supply chain.
- The TRA itself found that UK producers sell directly to industrial customers, while imports may be supplied through importer-distributors.
- A price difference measured at different stages of the supply chain is not evidence of undercutting/ injury margin.
- **The CNCIA respectfully requests the TRA to use BEL's resale price to the first independent customer, on the same delivery terms as the UK industry's prices.**

2.e Sulphuric acid export controls – Injury is not made imminent

- China was already self-sufficient before the export controls: imports of 127 MT in 2025, against capacity of over 177 million MT.
- The TRA did not assess the additional domestic volume which would result from the export controls; or the impact on price.
- Sulphuric acid prices in China rose in 2026: "*the single most important factor driving titanium dioxide price increases*".
- The TRA's sources concern the controls themselves – not sulphuric acid prices or Chinese producers' costs.
- **The predicted fall in Chinese prices is conjecture, not proven by facts.**

3.a Likely impact on the UK industry – Venator explains the decline

- The "negative" final-year indicators were assessed for the UK industry **including Venator**, which stopped producing in October 2025:

Indicator	Final year of the IP	Affected by Venator's shutdown
Sales volume and value	Lowest level of the IP	Yes
Output	Largest decrease of the IP (2024 – 2025)	Yes
Market share	Fell by 11%	Yes
Capacity utilisation	Decreased	Yes – idle plant still counted as UK capacity
Employment	Decreased; the Applicant's employment increased	Yes – Venator's redundancies

Source: SEF, paras. 494 – 534 and 592.

- **A one-off insolvency cannot evidence a trend towards imminent injury. Furthermore, production in Greatham has restarted.**

3.a Likely impact on the UK industry – Not on the verge of injury

- The TRA's own economic interest test: the Applicant has a "*low to medium vulnerability to negative economic shocks*".
- Net cash flow turned from negative to positive; losses on investment were lower at the end of the IP; costs to make and sell decreased; stocks reduced into the final year of the IP.
- The Applicant reported "*fourth quarter volumes were stronger than anticipated*" and improving prices in Q1 2026.
- The TRA has not shown how indicators it found "mixed" or inconclusive for material injury show a threat "beginning to materialise".
- The TRA treats the Tronox Group credit downgrade as "*an early indication that a threat of injury is materialising*" – but it concerns the parent and group-level factors (zircon pricing, leverage, interest costs), not UK imports from China.
- **This is not the picture of an industry on the verge of material injury.**

3.b No causal link – Other factors explain the final-year decline

NO COINCIDENCE IN TIME

The TRA concedes coincidence "*may not be clearly established*" and assumes a "*delayed*" effect.
A "*very compelling analysis*" is needed (*Argentina – Footwear*).

VENATOR'S ADMINISTRATION

Venator's shutdown drove the sector-wide decline in 2025.
On its own data, the Applicant's stocks, employment and wages trended positively.

STALLINGBOROUGH DOWNTIME AND COSTS

The Applicant's downtime reduced output in Q4 2025, yet was dismissed as one incident.
UK energy costs and the cost gap with China are not new: they existed in the POI.

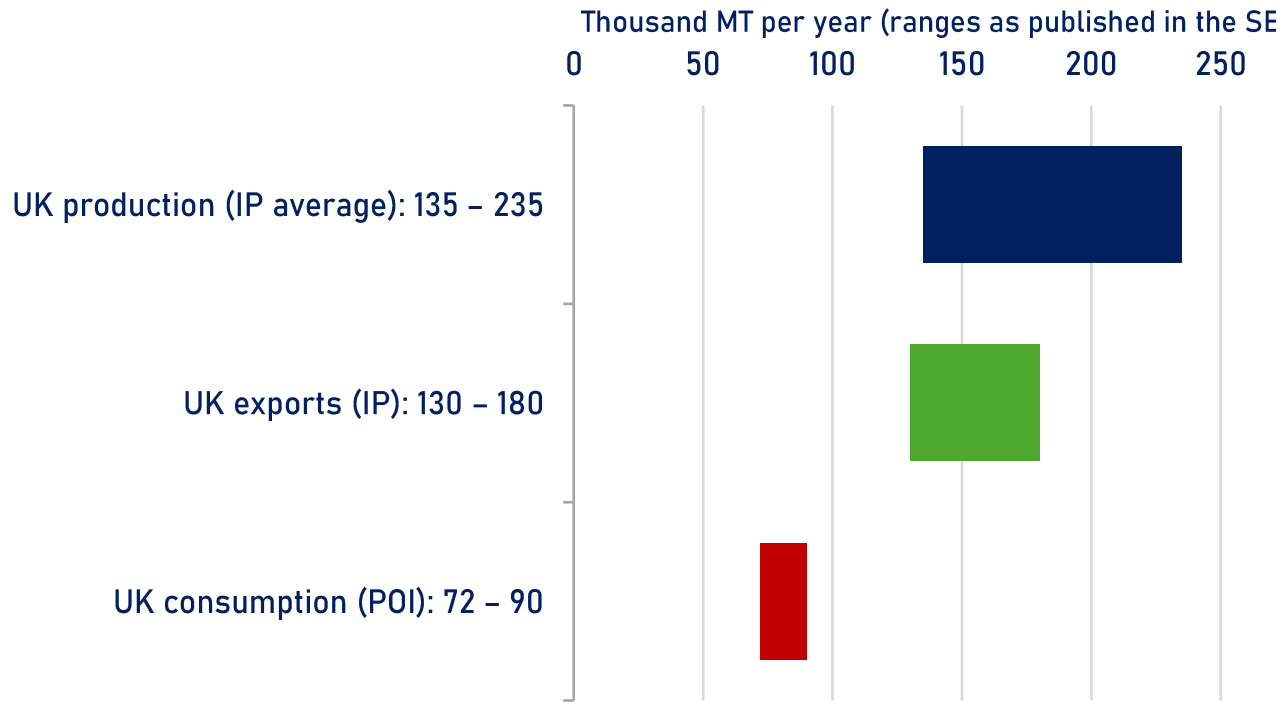
RESTART OF GREATHAM

Tioxide restarted on 18 August 2026.
The restart will reverse negative trends observed in the final year of the IP.

If the final year of the IP is decisive, the events of that year must also be examined

3.b No causal link – Export performance is a known other factor

UK production, exports and consumption



Source: SEF, paras. 76, 470 and 570 (thousand MT per year).

- Most UK production is exported – even on the least favourable combination of the ranges, more than half of production.
- The TRA finds: exports "*have assisted UK industry in maintaining production volumes*".
- The TRA set exports aside – yet relies on output and capacity utilisation, which include production for export.
- Article 3.5 ADA lists "export performance" among the other known factors.
- **Its effects must be separated from those of imports from China.**

3.c Interim conclusion – No threat of material injury

- **Volumes** – no significant increase, from a low base (below 10% of UK production); the post-POI rise followed initiation and the Greatham shutdown
- **Capacity** – Chinese spare capacity fell; no evidence of trade diversion to the UK
- **Prices** – no prospective analysis; Chinese prices are rising
- **Impact** – the UK industry is not on the verge of material injury
- **Causation** – the final-year trends are explained by Venator and Stallingborough, not by imports
- **The CNCIA respectfully requests the TRA to reconsider its finding of a threat of material injury**

4 Target profit – 17.76% is not supported by positive evidence

- The TRA used the 2024 profit of UK manufacturers of **all chemicals and chemical products** (ONS).
- The data set is not representative: the division also covers fertilisers, pesticides, soaps, detergents and cosmetics.
- The Applicant's actual profit and the EU target profit confirm that 17.76% is overstated – and so is the injury margin of 99.89%:

Benchmark	Profit
Applicant – actual profit throughout the IP	Negative
EU – TiO2 from China (Commission's target profit)	6.09%
TRA – UK chemicals and chemical products (2024)	**17.76%**

- The Applicant made losses throughout the IP, although imports from China stayed below 10% of UK production.
- **The CNCIA respectfully suggests using the more specific ONS data for dyes and pigments (SIC 20.12).**

Conclusion

- Reconsider the finding of a threat of material injury: none of the Regulation 28(2) factors shows a likelihood of substantially increased imports, the UK industry is not on the verge of material injury, and no causal link with imports from China is established. The finding is inconsistent with Regulation 28 of the D&S Regulations and Articles 3.1, 3.5, 3.7 and 3.8 of the ADA.
- Assess undercutting and the injury margin using BEL's resale price to the first independent customer.
- Base the target profit on the ONS data on dyes and pigments (SIC 20.12).
- The CNCIA therefore respectfully requests the TRA to revisit its injury determination and the injury margin.

[NAMES REDACTED]

VVGB
Brussels, Belgium

THANK YOU

