Application for the publication of dumping and/or countervailing duty notices

The Commission welcomes and strongly encourages applicants to use its pre-application service **before lodging this form**. To learn more about this service, please see our Pre-Application Service Guidelines.

Applications are taken to be lodged or received by the Commissioner when it is first received by a commission staff member doing duty in relation to applications.

Staff members are taken to be on duty receiving applications from 9:00am to 5:00pm (AEST or AEDST) on business days that are not an Australian Capital Territory public holiday, or during Annual Closedown. See Page 6 for more details.

APPLICATION UNDER SECTION 269TB OF THE *CUSTOMS ACT 1901* FOR THE PUBLICATION OF DUMPING AND/OR COUNTERVAILING DUTY NOTICES

DECLARATION

I request, in accordance with section 269TB of the *Customs Act 1901* (the Act)[1], that the Minister publish in respect of goods the subject of this application:

☑ a dumping duty notice, or

☐ a countervailing duty notice, or

☐ a dumping and a countervailing duty notice.

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Please note that giving false or misleading information is a serious offence.

Signature: Christine Williams

Name: Ms Christine Williams

Position: General Counsel, APAC

Company: Tronox Limited

ABN: 91 153 348 111

Date: 27 February 2026

[1] All legislative references are to the *Customs Act 1901*.

IMPORTANT INFORMATION

About this form

Section 269TB(4)(b) of the Act requires that an application under section 269TB of the Act for publication of a dumping duty notice or a countervailing duty notice must be in a form approved by the Commissioner under section 269SMS(1) for those purposes. This is the approved form.

Signature requirements

Where the application is made:

By a company - the application must be signed by a director, servant or agent acting with the authority of the body corporate.

By a joint venture - a director, employee, agent of each joint venturer must sign the application. Where a joint venturer is not a company, the principal of that joint venturer must sign the application form.

On behalf of a trust - a trustee of the trust must sign the application.

By a sole trader - the sole trader must sign the application.

In any other case - contact the Anti-Dumping Commission's (the commission's) Client support section for advice.

NB: Where an application is made by an agent acting with authority on behalf of a company, joint venture, trust or sole trader, an authority to act letter must be provided with this application.

Assistance with the application

The commission provides a free-of-charge document checking service, available prior to formal lodgement, to assist applicants to ensure that their applications meet the documentary requirements, see "before you apply": https://www.industry.gov.au/anti-dumping-commission/apply-anti-dumping-or-countervailing-duties-measures

The commission has also published guidelines to assist applicants with the completion of this application: https://www.industry.gov.au/anti-dumping-commission/apply-anti-dumping-or-countervailing-duties-measures

Small and medium enterprises (i.e., those with less than 200 full-time staff, which are independently operated, and which are not a related body corporate for the purposes of the *Corporations Act* 2001), may obtain assistance, at no charge, from the Department of Industry, Science and Resources' the International Trade Remedies Advisory (ITRA) Service. For more information on the ITRA Service, visit www.business.gov.au/ITRA, email us at itra@industry.gov.au, or telephone the ITRA Service Hotline on +61 2 6213 7267.

The Commission's client support section can also provide information about dumping and countervailing procedures and the information required by the application form. Contact the team on:

Phone: 13 28 46 or +61 2 6213 6000 (outside Australia)
Email: clientsupport@adcommission.gov.au

Further information is available from the Commission's website at www.adcommission.gov.au.

On page 27 of this application form, the commission lists the appendices referenced in different questions in the form. These appendices should be used to supply information for an application for the publication of dumping and/or countervailing duty notices and can be accessed on the commission's website, here: B108 Appendices

Important information

To initiate an investigation into dumping and/or subsidisation, the commission must comply with Australia's international obligations and statutory standards. This form provides an applicant industry with a framework to present its case and will be used by the commission to establish whether there appear to be reasonable grounds for the publication of a dumping duty or countervailing duty notice and initiate an investigation. To assist consideration of the application it is therefore important that:

- all relevant questions are answered; and
- information that is reasonably available be supplied.

The commission does not require conclusive evidence to initiate an investigation, but any claims made should be reasonably based. An application will be improved by including supporting evidence and where the sources of evidence are identified. Simple assertion is inadequate to substantiate an application.

To facilitate compilation and analysis, the application form is structured in 3 parts:

- **Part A** seeks information about the Australian industry. This data is used to evaluate industry trends and assess claims of material injury due to dumping/subsidisation. Where an Australian industry comprises more than one company, each should separately prepare a response to Part A to protect commercial confidentiality.
- **Part B** relates to evidence of dumping.
- **Part C** is for supplementary information that may not be appropriate to all applications. However some questions in Part C may be essential for an application, for example, if action is sought against subsidisation.

All questions in Parts A and B must be answered, even if the answer is 'Not applicable' or 'None'. Where appropriate, applicants should provide a short explanation about why the requested data is not applicable. This will avoid the need for follow up questions by the commission.

The application form does not specifically address all the information required when making a claim that the establishment of an Australian industry producing like goods has been or may be materially hindered. If you are considering making such a claim, please contact the commission to discuss information requirements.

The application form requests data over several periods (P^1, P^2….P^n) to evaluate industry trends and to correlate injury with dumped or subsidised imports. The labels P^1…P^n are used for convenience in this application form. Lodged applications should identify the period relevant to the data. This form does not specify a minimum period for data provision. However, sufficient data must be provided to substantiate the claims made. If yearly data is provided, this would typically comprise a period of at least four years (for example the current financial year in addition to three prior years). Where information is supplied for a shorter period, applicants may consider the use of quarterly data. Data must also be sufficiently recent to demonstrate that the claims made are current.

When an investigation is initiated, the commisison will verify the claims made in the application. A verification visit to the Australian industry usually takes several days.

Applicants should be prepared to substantiate all Australian industry financial and commercial information submitted in the application. Any worksheets used in preparing the application should therefore be retained to facilitate verification.

During verification, the commisison will examine company records and obtain copies of documents relating to the manufacture and sale of the goods.

Appendices

Some questions require attachments to be provided. The attachment numbering sequence should refer to the question answered. For example, question A2.2 requests a copy of an organisation chart. To facilitate reference, the chart should be labelled Attachment A2.2. If a second organisation chart is provided in response to the same question, it should be labelled Attachment A2.2.2 (the first would be labelled Attachment A2.2.1).

Provision of data

Industry financial data must, wherever possible, be submitted in an electronic format.

- The data should be submitted on a media format compatible with Microsoft Windows.
- Microsoft Excel, or an Excel compatible format, is required.
- If the data cannot be presented electronically please contact the Commission's client support section for advice.

Lodgement of the application

This application, together with the supporting evidence, must be lodged in the manner approved by the Commissioner under subsection 269SMS(2) of the Act. The Commissioner has approved lodgement of this application by:

(i) email, preferably, using the email address clientsupport@adcommission.gov.au

(ii) upload to SIGBOX (SIGBOX is our secure online lodgement platform, suitable for large files or attachments - email us to arrange access), or

(iii) post to:
The Commissioner of the Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601

As currently applied:

- Applications are taken to be lodged or received by the Commissioner when it is first received by a commission staff member doing duty in relation to applications.
- Staff members are taken to be on duty receiving applications from 9:00am to 5:00pm (AEST or AEDST) on business days that are not an Australian Capital Territory public holiday, or during Annual Closedown*.

Definitions in this application:

1. ***AEST*** means Australian Eastern Standard Time.
2. ***AEDST*** means Australian Eastern Daylight Savings Time.
3. ***business day*** means a day that is not a Saturday or Sunday.
4. ***Annual Closedown*** means the 3 business days the Commission is closed between Christmas Day and New Year's Day.

* Public holidays are listed at: https://www.fairwork.gov.au/employment-conditions/public-holidays

Public Record

During an investigation all interested parties are given the opportunity to defend their interests by making a submission. The commission maintains a public record of these submissions. The public record is available on the commission's website at www.adcommission.gov.au.

At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application must be submitted. Please ensure each page of the application is clearly marked "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD". The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence, clearly showing the reasons for seeking the publication of a dumping duty or countervailing duty notice, or, if those reasons cannot be summarised, a statement of reasons why a summary is not possible.

PART A

INJURY

TO AN AUSTRALIAN INDUSTRY

IMPORTANT

All questions in Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity, each should separately complete Part A.

A-1 Identity and communication

Please nominate a person in your company for contact about the application:

Contact Name:	Mr Jeff Neuman
Company:	Tronox Holdings plc
Position:	General Counsel and Corporate Secretary
Address:	263 Tresser Blvd., Suite 1100, Stamford, CT 06901, USA
Telephone:	+1 973 610-3935
E-mail address:	jeffrey.neuman@tronox.com
ABN:	N/A

Alternative contact

Name:	Ms Christine Williams
Position in company:	General Counsel, APAC
Address:	Lot 22 Mason Road, Kwinana Beach, WA, 6167, Australia
Telephone:	+61 (0)488 102 686
E-mail address:	christine.williams@tronox.com

If you have appointed a representative to assist with your application, provide the following details and complete Appendix A8 (Representation).

Name:

Business name:

Address:

Telephone:

E-mail address:

ABN:

A-2 Company information

1. State the legal name of your business and its type (e.g. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.

Response: Tronox Limited ABN 91 153 348 111, an Australian unlisted public company, is the Australian parent company of Tronox Management Pty Ltd and Tronox Pigment Bunbury Ltd (amongst others), with each manufacturing the goods the subject of this application from, respectively, plants at Kwinana, WA and Bunbury (Australind

and Kemerton), WA. There are no registered business names in use.

2. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.

Response: Refer to **Confidential Exhibit A-2.2 – Internal Organisation chart**.

3. List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.

Response: Refer to **Confidential Exhibit A-2.3 – Group Shareholding**.

4. If your company is a subsidiary of another company list the major shareholders of that company.

Response: Refer to **Confidential Exhibit A-2.3 – Group Shareholding**.

5. If your parent company is a subsidiary of another company, list the major shareholders of that company.

Response: Refer to **Confidential Exhibit A-2.3 – Group shareholding**.

6. Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).

Response: Refer to **Confidential Exhibit A-2.6 – Group organisational structure**.

7. Are any management fees/corporate allocations charged to your company by your parent or related company?

Response: Yes. As a global business, Tronox allocates corporate overheads to each of the Operating Legal Entities in each of the countries it operates in proportionately to the profitability of each of those operations.

8. Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.

Response: During the proposed investigation period, Tronox has a trading relationship with the following affiliated exporting entities in [redacted], [redacted], and [redacted] **[countries]**

- [redacted] **[entity]**
  [redacted] **[entity]**
  [redacted] **[entity]**

9. Provide a copy of all annual reports applicable to the data supplied in appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.

Response: Refer to:

- **Confidential Exhibit A-2.9.1 – Tronox Limited Financial – 2022,**
- **Confidential Exhibit A-2.9.1 – Tronox Limited Financial – 2023,**
- **Confidential Exhibit A-2.9.1 – Tronox Limited Financial – 2024.**

10. Provide details of any relevant industry association.

Response: There is no dedicated industry association in Australia that represents TiO_2 producers. Relevant associations that may indirectly represent or include interests of TiO_2 related entities include the Minerals Council of Australia.

A-3 Industry support requirements (standing)

It is a requirement that your application is supported by a sufficient part of the Australian industry who produce or manufacture like goods in Australia. This means Australian producers or manufacturers (including you as the applicant) whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, your application.

1. Complete appendix A1 (Australian production) to identify all known Australian producers or manufacturers (including the applicant) of like goods. Confirm the application is supported by a sufficient part of the Australian industry.

- Where production volumes are not available, provide estimates.
- Include evidence that producers or manufacturers support or oppose an application.

Response: Refer to **Confidential Appendix A-1.** As Tronox is the sole producer of TiO_2 in Australia, the application is supported by the whole of the Australian industry.

A-4 The imported and locally produced goods

Questions 1 - 3 refer to the imported product the subject of your application. These are known throughout an investigation as ‘the goods under consideration’ or ‘the goods’. Question 4 refers to your production that is known as ‘like goods’.

1. What are the goods the subject of your application?
    - Provide a concise description of the physical characteristics of the goods as it would appear at the place of import in Australia.
    - This concise description will be used to assess the goods subject to the application throughout the investigation and in imposing measures if a dumping or countervailing duty notice is published.
    - If certain physical characteristics are intended to be excluded from the goods subject to the application, provide details of these characteristics. \

Response: The goods the subject of the application are:

> **Titanium dioxide, having the chemical formula TiO_2, in rutile form only, as titanium oxides or in pigments and preparations based on titanium dioxide, containing a minimum of 80% by weight of titanium dioxide calculated on the dry matter, having all types of particle sizes.**

2. Provide any further details of the goods that would assist in identifying whether a product is the subject of your application:
   - Include physical, technical or other properties not already mentioned in question 1.
   - Where the application covers a range of products, list this information for each make and model in the range.
   - Supply technical documentation where appropriate.

Response: Product falling within the scope of this description includes:

- TiO_2 pigments, typically produced via the sulfate or chloride process. This encompasses rutile crystalline form only.
- surface-treated or coated TiO_2 with inorganic (e.g., alumina, silica, zirconia) or organic surface treatments, provided the TiO_2 content remains at least 80% by weight.
- titanium dioxide in other pigment forms including slurries, pastes, or granules where TiO_2 is the principal constituent (≥80% on dry basis).

3. List the tariff classification(s) and statistical code(s) of the imported goods.

Response: Goods subject to measures should be classified using the classification and associated statistical code below, which applies to pigments containing 80% or more of titanium dioxide on the dry matter:

Tariff Classification	Statistical code
3206.11.00	48

It may be that importers have incorrectly entered the goods under tariff classification 2823.00.00 (statistical code 39), which applies to titanium oxides, so the Commission should examine importations under both tariff codes.

4. Fully describe your product(s) that are 'like' to the imported product:
   - Include physical, technical or other properties.
   - Where the application covers a range of products, list this information for each make and model in the range.
   - Supply technical documentation where appropriate.
   - Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.

Response: Tronox manufactures high-quality rutile titanium dioxide pigments exclusively via the chloride process at its two Australian facilities in Western Australia (the Kwinana Pigment Plant, near Perth) and the Bunbury Pigment Plant (at Kemerton and Australind, near Bunbury). These plants form part of Tronox's

vertically integrated operations, utilising locally sourced high-grade titanium feedstock to produce premium chloride-route pigments.

General Properties of Tronox's TiO_2 Pigments

All pigments produced in Australia by Tronox share the following core physical and technical characteristics:

- Crystalline form: rutile.
- TiO_2 content: typically, ≥92–97% (depending on surface treatment).
- Particle size: Optimised median ~0.3 µm for maximum light scattering and opacity.
- Surface treatments: Inorganic (alumina, zirconia, silica) and/or organic coatings to enhance dispersibility, weather resistance, gloss retention, and processability.
- Optical properties: High brightness, excellent tint strength, and superior opacity/hiding power.
- Density: ~4.1 g/cm³; bulk density ~0.7–1.2 g/cm³.
- Key performance attributes: Consistency, high opacity, exceptional tint strength, extreme whiteness, high gloss potential, superior dispersion and dependent upon product, levels of durability suitable for the most critical applications.
- Compliance: ISO 591-1:2000 R2, ASTM D476 Type II/III/VII, Category A/B; food-contact and toy-safety approvals where applicable.
- Applications: Architectural and industrial coatings, plastics (PVC, polyolefins, engineering polymers), printing inks, paper/laminates, and specialty uses.

Specific Branded Grades Manufactured in Australia

Approximately 90% of Tronox's domestic sales comprise the following four Australian-manufactured grades:

1. **TiONA® 595**
    - A multipurpose chloride-process rutile pigment designed to give an outstanding combination of dispersion, opacity, gloss and durability in a wide range of coating applications.
    - Technical data sheet: Refer to **Exhibit A-4.4 - TiONA 595**.
2. **TiONA® 3**
    - A heavily treated, chloride-process, rutile titanium dioxide pigment, specifically designed to give excellent hiding power and good film integrity in flat emulsion paints formulated above CPVC. TiONA® 3 provides easy incorporation and excellent stability in the finished paint as well as high dry-hide opacity.
    - Technical data sheet: Refer to **Exhibit A-4.4 - TiONA 3**.
3. **TiONA® 696**

- is a high performance, super durable, chloride-process rutile titanium dioxide pigment. It offers a unique combination of ease of dispersion, high optical properties and excellent weathering characteristics. It is the best choice for coatings applications requiring the highest exterior durability.
- Technical data sheet: Refer to **Exhibit A-4.4 - TiONA 696**.

4. **TiONA® 826**

- is a high performance, multipurpose chloride-process rutile titanium dioxide pigment designed to provide an exceptional combination of ease of dispersion, superior optical properties and very high durability in a wide range of coatings applications. The combination of high tint strength and very high durability of this product makes it also an excellent choice for plastics applications.
- Technical data sheet: Refer to **Exhibit A-4.4 - TiONA 826**.

The table below compares the four main grades of Tronox's locally produced like goods, and the comparable or equivalent imported grades from the known major Chinese exporters.

Tronox Australian-Manufactured Grade	**Key Characteristics (Tronox Australia)**	**Primary Chinese Equivalent Grade(s) – BILLIONS / LOMON (LB Group)**	**Primary Chinese Equivalent Grade(s) – R-series (CNNC Hua Yuan Titanium Dioxide Co., Ltd. / CHTI)**	**Rationale for Equivalence (common to both Chinese brands)**
TiONA 595	Alumina, Zirconia, organic treated rutile; highest brightness & gloss; excellent opacity & tint strength; superior durability for interior/exterior coatings and plastics.	BILLIONS BLR-698 (Sulfate-process rutile; high gloss, opacity, and whiteness) BILLIONS BLR-895 (Chloride-process rutile; excellent opacity, gloss, dispersibility, and durability)	TIOXHUA R-219 (Sulfate-process rutile; high gloss, whiteness, and opacity) TIOXHUA R-2219 (Sulfate-process rutile with zirconia coating; high opacity, whiteness, blue undertone, and dry flow)	Multi-purpose durability, blue undertone, excellent weather resistance; directly substituted in Australian architectural and industrial coatings formulations.
TiONA 3	Alumina, organic treated rutile; high tint strength; blue undertone; good dispersibility in water- and solvent-based systems; balanced optics/durability.	BILLIONS BLR-891 or BILLIONS BLR-895 (chloride-process, alumina-treated)	TIOXHUA R-216 (Sulfate-process rutile; good dispersibility and hiding power)	Comparable tint strength, dispersibility, and versatility; widely used as cost-competitive alternatives in plastics, general coatings, and masterbatches.
TiONA 696	Alumina, organic treated rutile; exceptional weather/chalk resistance and gloss retention; premium durability grade.	BILLIONS BLR-896+ (high-durability chloride Chloride-process rutile; high weather resistance and durability) LOMON R-996 (Sulfate-process rutile; excellent durability and weather resistance)		Closest functional match for demanding exterior, coil, automotive, and marine applications; heavy surface treatment provides equivalent long-term performance.
TiONA® 826	Alumina, silica, organic treated rutile; highest opacity and exceptional tint strength; high gloss; Superior dispersibility and very high durability	BILLIONS BLR-895 (Chloride-process rutile; excellent opacity, gloss, dispersibility, and durability) BILLIONS BLR-896 (high-durability chloride	TIOXHUA R-219 (Sulfate-process rutile; high gloss, whiteness, and opacity)	

		Chloride-process rutile; high weather resistance and durability)		

Domestic sales of other grades locally manufactured by Tronox include:

- TiONA 69 - https://www.tronox.com/product/tiona-rcl-69/
- TiONA 233 - https://www.tronox.com/product/tiona-233/
- TiONA 288 - https://www.tronox.com/product/tiona-288/
- TiONA 828 - https://www.tronox.com/product/tiona-828/
- TiONA 834 - https://www.tronox.com/product/tiona-834/
- TiONA 880 - https://www.tronox.com/product/tiona-880/

5. Describe the ways in which the essential characteristics of the imported goods are like to the goods produced by the Australian industry.

Response: TiO_2 produced in Australia by Tronox has similar technical and physical characteristics, and end use, as the imported goods from China. TiO_2 is a commodity product and is highly substitutable, given there are no relevant differences between the locally produced like goods and the imported goods from China. The table below outlines the similarities between the imported and local goods for each category and specific criteria of the like goods framework.

CATEGORY	CRITERIA	ASSESSMENT
Physical likeness	Size	Both local and imported products consist of pigment-grade particles with median particle sizes typically in 0.3 µm (optimised for maximum opacity and scattering efficiency). Minor grade-specific variations exist, but the size distributions overlap substantially and fall within the same functional range.
	Shape	Particles in both Australian (chloride-route) and Chinese (sulfate and chloride-route) pigments are predominantly spherical or near-spherical after milling and classification; no material difference in shape that affects performance or classification as like goods.
	Content	Primary content is titanium dioxide. Surface treatments (alumina, silica, zirconia, organics) are applied to goods from both origins in comparable percentages to achieve similar dispersibility and durability properties.
	Weight	Bulk density and specific gravity are effectively identical regardless of production route or country of origin.
	Appearance	Both are bright white, free-flowing powders with comparable whiteness and undertone. Visual appearance is indistinguishable.
	Grade	Overwhelming majority of both Australian and Chinese production consists of general-purpose and specialty rutile grades (e.g., R-type equivalents). Grade designations (e.g., R-996, R-5566 in China vs. Tronox) describe equivalent performance levels rather than different products.
	Standards	Both meet the same international standards: ISO 591 (R1–R3 for rutile, A1 for anatase), ASTM D476 (Types II–VII), and EN 12878 (Category A & B). Technical data sheets from Tronox and major Chinese producers (LB Group, CNNC, etc.) demonstrate compliance with identical specifications.
	Purity	TiO_2 content typically 93–99 % for both origins.
	Chemical composition	Chemically identical. Differences in trace elements arising from feedstock or process are negligible and do not alter the fundamental composition.
	Tariff classification	Both are uniformly classified under Harmonized System heading 3206.11 (pigments containing ≥80 % TiO_2 by weight, calculated on the dry matter) in Australia and China.
Commercial likeness	Competes in same market sectors.	Australian and Chinese TiO_2 pigments compete directly head-to-head in the Australian market for coatings, plastics, paper, and inks. End-users regard them as directly interchangeable for most general-purpose and many specialty applications.
	Willingness of parties to switch sources	Australian importers, blenders, compounders, and formulators routinely substitute Chinese TiO_2 for Tronox Australian product (and vice versa) when price, availability, or technical specifications allow, demonstrating high commercial interchangeability.

	Price competition and market recognition of differentiation	Given the commoditised nature of TiO_2, price is the dominant and critical purchasing factor. Customers closely monitor Chinese and Australian pigment prices in the market, indicating little recognition of differentiation for most grades.
	Distribution channels and packaging	Both are sold through identical channels (importers, distributors, direct to large paint/plastic manufacturers) and packaged in similar 25 kg bags, 500 & 1,000 kg bags, or bulk, with no material difference in packaging that denotes separate market sectors.
Functional likeness	Same or similar end-use and functional substitutability	Both pigments provide opacity, brightness, and whiteness in paints, plastics, inks, paper, and other applications; they are functionally substitutable in the vast majority of formulations (exterior/interior coatings, PVC, masterbatch, etc.).
	Differential quality and consumer perception	Objective performance testing (opacity, tint strength, dispersion, durability) shows Tronox chloride-route rutile and Chinese sulfate and chloride-route rutile or anatase pigments meet or exceed the same industry benchmarks; any minor quality differences are grade-specific rather than origin-specific and do not prevent substitution.
Production likeness	Raw materials and manufacturing process	While Tronox uses exclusively the chloride process and Chinese producers use predominantly sulfate (with growing chloride capacity), the end products are chemically and physically identical TiO_2 pigments. Different processes can and do produce like goods, with the finished pigment not distinguishable by process origin once surface-treated and finished.
	Cost of manufacture	Costs of manufacture will differ between Australian and Chinese producers. Australian (chloride-route) production typically exhibits higher variable costs in a market-driven environment, whereas Chinese producers (predominantly sulfate-route) benefit from lower reported costs that are frequently distorted by government intervention in the form of direct subsidies, subsidised inputs (sulphuric acid, energy, steam, ilmenite), preferential loans, tax incentives, and environmental/regulatory leniency. In any case, under the Commission's published policy, similarity in the cost of manufacture is only an indicator and is explicitly stated to be "not determinative" when physical, commercial, and functional likeness are clearly established, which they are in this case.
Other	Marketing	Both local and Chinese imported goods are marketed as "titanium dioxide pigment" or "rutile TiO_2 pigment" using similar technical data sheets emphasising TiO_2 content, oil absorption, tint strength, and brightness. Marketing does not position them in fundamentally different market segments.

6. What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product.

Response: The ANZSIC applicable to the goods the subject of this application is Class 1813 – Basic Inorganic Chemical Manufacturing.

7. Provide a summary and a diagram of your production process.

Response: Tronox operates one of the world's most vertically integrated TiO_2 pigment production systems in Western Australia, encompassing the full value chain from mining heavy mineral sands to manufacturing and packaging finished rutile TiO_2 pigment via the chloride process. This integration enables efficient feedstock supply and high-quality output at two dedicated pigment plants. The full production process is structured in sequential stages as described below.

1. <u>Mining of heavy mineral sands</u>

Operations commence at Tronox's mineral sands mines in Western Australia and New South Wales:

- Cooljarloo Mine (located approximately 170 km north of Perth) — dry mining of titanium-bearing ores (primarily ilmenite, with co-products monazite (the rare earth-bearing mineral), zircon and leucoxene).

- Wonnerup Mine (located approximately 200 km south of Perth) — additional sources of heavy mineral concentrate (HMC).
- Atlas and Campaspe Mines (located approximately 140 km north of Mildura in the Murray Basin of New South Wales) — dry mining of titanium-bearing ores (primarily ilmenite, with co-products monazite (the rare earth-bearing mineral), zircon and leucoxene).

Heavy mineral sands are extracted using conventional mining techniques. These techniques allow ore bodies of [redacted]% to be commercially mined. With regard to rare earth minerals, Tronox's four mining operations are capable of producing approximately [redacted] tonnes per annum of the four key minerals needed for permanent magnet production.

2. Primary mineral separation and concentration

Mined ore is slurried and transported to concentrator plants adjacent to or near the mines. HMC from the mines is processed at one of 3 Mineral Separation Plants owned by Tronox at Chandala, 60 km north of Perth, North Shore in Bunbury and Broken Hill in New South Wales to produce ilmenite, zircon, rutile, leucoxene, staurolite and monazite.

- Ilmenite with a TiO_2 content of around [redacted]% is exported.
- Ilmenite with a TiO_2 content of around [redacted]% is processed at the synthetic rutile (SR) plant at Chandala to increase the TiO_2 grade of the feedstock.

Non-magnetic tailings (which includes, monazite) are rehabilitated on-site.

3. Synthetic Rutile Production (Upgrading Feedstock)

The Synthetic Rutile Plant at Chandala applies the proprietary Becher process (or variants) to upgrade the ilmenite to synthetic rutile so it can be used as a feedstock to the Kwinana and Bunbury pigment plants:

- Aeration and rusting of ilmenite in ammonium chloride solution to remove iron.
- Reduction roasting with coal in rotary kilns to produce reduced ilmenite.
- Further aeration to yield high-grade synthetic rutile (typically [redacted]% TiO_2 content).

This step is critical for the chloride process, as it provides chlorine-compatible, high-titania feedstock. By-products include high-purity iron oxide and zircon.

4. Feedstock Transport to Pigment Plants

Synthetic rutile and a small but valuable portion of mined and separated natural rutile is transported by road or rail to one of Tronox's two chloride-process pigment facilities in Western Australia:

- Kwinana Pigment Plant (Kwinana Beach, approximately 40 km south of Perth; capacity ~150,000 tonnes/year).
- Bunbury Pigment Plant (located over 2 sites at the Kemerton Strategic Industrial Area and at Australind both near Bunbury, ~160 km south of Perth).

5. Chloride-Process Pigment Manufacturing

At both pigment plants, the proprietary chloride process converts synthetic rutile into finished TiO_2 pigment through the following core steps:

- Chlorination → Synthetic rutile is reacted with chlorine gas (generated on-site via electrolysis of brine) and petroleum coke in fluidised-bed reactors at ~900–[redacted]°C to produce titanium tetrachloride ($TiCl_4$) vapour and metal chloride by-products.
- Purification → $TiCl_4$ is condensed, distilled, and purified to remove impurities (e.g., [redacted]).
- Oxidation → Purified $TiCl_4$ vapour is oxidised with oxygen ([redacted]) at [redacted]°C in a high-temperature reactor, forming TiO_2 particles (base pigment) and chlorine gas (recycled). Upon leaving the oxidizer vessel the particles are rapidly cooled to keep particle size within tight parameters, providing a base pigment.
- Finishing → Base pigment is subjected to wet milling, classification, and surface treatment (inorganic coatings such as alumina, silica, zirconia; organic treatments for dispersibility). Drying and micronising ensure optimal particle size (~0.2–0.4 µm).

The result is high-purity rutile TiO_2 pigment (≥93–96% TiO_2) with controlled optical and functional properties.

6. Packaging and Distribution

Finished pigment is conveyed to storage silos, then packaged on-site into:

- 25 kg multi-wall paper bags.
- 500 and 1,000 kg flexible intermediate bulk containers (FIBCs/big bags) which are then placed in intermodal containers for shipment to customers.

This fully integrated system positions Tronox as Australia's sole domestic TiO_2 pigment producer, with efficient feedstock self-sufficiency and environmental controls (e.g., chlorine recycling, waste neutralisation).

Refer to **Confidential Exhibit A-4.7 - From Mine to Pigment** and **Confidential Exhibit A-4.7 - Australian process**.

8. If your product is manufactured from both Australian and imported inputs:
   - describe the use of the imported inputs; and
   - identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).

Response: Not applicable.

9. If your product is a processed agricultural good, you may need to complete Part C-3 (close processed agricultural goods).

Response: Not applicable.

10. Supply a list of the names and contact details of all other Australian producers

of the product.

Response: Not applicable as Tronox is the sole producer of like goods.

11. If different models can be established for the goods subject to the application:
    - What are the differences in physical characteristics that give rise to distinguishable and material differences in price?
    - Provide supporting documentation or analysis supporting the differences in physical characteristics that affects price comparability. Unit costs may also be used to demonstrate differences in physical characteristics where it affects price comparability.
    - In providing the list of physical differences, identify the characteristics in order of significance.
    - Identify key characteristics where the physical differences are significantly different and it is not meaningful to compare models with different physical characteristics.
    - Identify the physical characteristics that can be reported in relation to sales and cost data respectively. This should be reflected in the sales data provided in appendices A4 and A6.
    - Complete the table below having regard to the information provided above. The Commission will consider this information in establishing a model control code structure for the investigation.

Response:

Category	Sub-category	Assigned value	Sales Data	Cost data	Key category
Production process	• Sulfate process • Chloride process	S C	Mandatory	Mandatory	Yes

A-5 The Australian market

1. Describe the end uses of both your product and the imported goods.

Response: TiO_2 is a versatile white pigment renowned for its exceptional opacity, brightness, colour stability, ultraviolet (UV) resistance, and non-toxic properties. In Australia, it plays a pivotal role across multiple industries, contributing to the enhancement of product durability, aesthetic appeal, and functional performance.
The following sections detail the primary end uses of TiO_2 pigment in Australia, organised by sector, with specific examples and contributions to market demand.

a) Paints and Coatings

The paints and coatings industry represents the largest consumer of TiO_2 pigment in Australia, accounting for a significant portion of overall demand due to the sector's expansion in construction and maintenance activities. TiO_2 serves as an opacifier and whitener, providing superior brightness, hiding power, and UV protection to prevent colour fading and material degradation from sunlight exposure. Key applications include:

- Architectural coatings for residential and commercial buildings.
- Industrial coatings for corrosion resistance on infrastructure.
- Automotive paints, where it enhances durability against weathering and

abrasion.

b) Plastics and Polymers

TiO_2 is extensively incorporated into plastics and rubber formulations to impart opacity, whiteness, and UV stability, mitigating degradation from environmental exposure. Applications span manufacturing and consumer goods, including:

- Packaging materials, such as films and bottles, for enhanced visual appeal and protection.
- Automotive components, like interior trims and exterior parts.
- Building materials, including plastic pipes, laminates, and profiles used in construction.

In Australia, this end use supports the growing plastics industry, with TiO_2 enabling vibrant colors and extended product lifespans.

c) Paper

In the paper industry, TiO_2 functions as a filler and opacifier to achieve high whiteness and print quality, reducing the need for excessive pulp while improving brightness. Specific uses include coated and uncoated papers for publishing and packaging.

Although paper constitutes a smaller share, it remains essential for the printing and publishing sectors. TiO_2's role here supports sustainable practices by optimizing material efficiency.

d) Cosmetics and Personal Care

TiO_2 is valued in cosmetics for its whitening, opacifying, and UV-blocking capabilities, making it a staple in mineral-based formulations. Prominent applications encompass:

- Makeup products, such as foundations and powders, for coverage and sheen.
- Nappies and female hygiene products
- Toothpastes and oral care items, where it acts as a mild abrasive and whitener.

e) Food and Pharmaceuticals

As a permitted food additive under the Australia New Zealand Food Standards Code, TiO_2 is used as a white pigment for colouring at levels consistent with Good Manufacturing Practice (GMP), with no specified maximum limits beyond this standard. It enhances appearance in a broad array of products, including:

- Confectionery, such as candies, chewing gum, and chocolates.
- Dairy products, baked goods, and beverages for uniform whiteness.

This application underscores TiO_2's safety profile, though ongoing assessments monitor its efficacy and regulatory status.

f) Construction and Other Industrial Applications

Beyond paints, TiO_2 integrates into construction materials for durability and environmental compliance, such as:

- Concrete coatings and surface treatments to resist weathering.
- Caulking products critical to construction industry
- Ceramics and catalysts in building processes.

Emerging uses include renewable energy, particularly in solar panel coatings for UV

reflection and longevity. Automotive and packaging sectors also leverage it for specialised components.

2. Describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:
   - sources of product demand;
   - marketing and distribution arrangements;
   - typical customers/users/consumers of the product;
   - the presence of market segmentation, such as geographic or product segmentation;
   - causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;
   - the way in which the imported and Australian product compete; and
   - any other factors influencing the market.

Response:

Overview of the Australian TiO_2 market

TiO_2 is an essential product for supply chain resiliency related to all types of infrastructure as well as construction and plastics. Given Australia's emphasis on infrastructure development and construction, the Australian market for TiO_2 is expected to expand over the following decade, primarily driven by demand from construction and industrial sectors.

In terms of heavy mineral sands upstream production, Australia holds among the highest shares globally of titanium bearing ores, 32% of ilmenite reserves and 68% of rutile reserves. It is a top-5 global producer of the rare earth mineral co-products associated with heavy mineral sands mining (monazite and xenotime), which come along for the ride when ilmenite and rutile are mined. Absent a domestic ability to process ilmenite and rutile into TiO_2 by Tronox, these minerals will be shipped to China for processing and Australia will become dependent on China for yet another chemical product.

Conditions of competition for TiO_2 in Australia are characterised by price pressures from low-cost Chinese imports, quality differentiation favouring domestic products, and increasing emphasis on sustainability.

a) Sources of Product Demand

Demand for TiO_2 pigment in Australia originates predominantly from construction and industrial applications, with the following primary sources:

- Paints and coatings: the largest contributor, accounting for over 70% of pigment revenue, fuelled by residential, commercial, and infrastructure projects requiring durable, weather-resistant finishes.
- Plastics and rubber: accounts for less than 20% of demand, used in packaging, automotive components, and construction materials for enhanced UV stability and aesthetic enhancement.
- Paper and inks: less than 5% of Australian demand, serving publishing and packaging for improved opacity and print quality.

- Cosmetics and personal care: a growing segment, driven by mineral-based makeup, leveraging TiO_2 pigment's UV-blocking properties.
- Other applications: including food, pharmaceuticals, construction (e.g., concrete coatings and caulking products)

b) Marketing and Distribution Arrangements

Marketing strategies emphasise technical specifications, sustainability credentials, and supply chain reliability. Tronox promotes its integrated mining-to-pigment operations for traceability. Distribution occurs via two channels:

- direct sales to end-user customers. Tronox only utilises this channel with customers being serviced down to 1mt orders.
- indirect via distributors, which is typically utilised by imports.

c) Typical Customers, Users, and Consumers

The market serves a B2B ecosystem, with primary customers comprising manufacturers and processors:

- Industrial Users: paint and coatings firms (e.g., DuluxGroup), plastics producers, and paper mills.
- Downstream consumers: Construction companies (e.g., for architectural coatings), automotive assemblers, and cosmetic brands (e.g., mineral sunscreen producers like Cancer Council).
- End-consumers: Indirectly through consumer goods such as household paints, plastic packaging, and personal care products, where TiO_2 enhances functionality and aesthetics.

Large-volume buyers negotiate long-term contracts for price stability, while smaller users rely on distributors for just-in-time delivery.

d) Presence of Market Segmentation

The Australian TiO_2 pigment market exhibits clear segmentation based on sales patterns, enabling targeted marketing and distribution strategies:

- Product segmentation: rutile grades dominate sales due to their superior durability and opacity, accounting for the majority of pigment sales, whilst anatase grades reflect niche sales in applications requiring finer particle sizes, such as cosmetics, rubber and inks, but are less than 3% of total usage.
- Application segmentation: sales are primarily driven by paints and coatings, representing the core segment (approximately 70% of sales). Other categories include plastics and rubber (approximately 20% of sales), paper and inks (around 5%), cosmetics and personal care, and emerging areas like food and renewables.
- Geographic segmentation: Volume sales are dictated by the production site of the key coating and plastic manufacturers in Australia. These are predominantly in Victoria but notable hubs in NSW, South Australia and Queensland exist.

e) Causes of demand variability

Demand exhibits moderate variability influenced by economic, regulatory, and

technological factors:

- Seasonal fluctuations: construction-related demand peaks during summer (November–February) due to favourable weather, boosting paints/coatings; off-peak winter lulls lead to inventory build-up.
- Overall market growth or decline: growth is propelled by construction and infrastructure investments, and renewables expansion. Declines stem from economic headwinds and any reduction of Australian finished goods capacity – i.e. automobiles.
- Government regulation: Stringent environmental standards mandate waste reduction in sulfate processes, elevating costs by 5–10% and favouring Tronox's chloride process utilised in Australia. Food Standards Australia New Zealand permits TiO_2 as INS 171.
- Technological developments: advances in photocatalysis enhance the role of TiO_2 in self-cleaning coatings and water purification. However, alternatives like zinc oxide in sunscreens pose substitution risks, potentially capping some cosmetics demand.

f) Competition Between Imported and Australian Products

Domestic production is supplied by Tronox, focusing on high-quality rutile-based pigments from integrated operations in Western Australia. Imports originate from [redacted], [redacted], and [redacted].

Competition dynamics include:

- Price competition: low-price Chinese imports exert downward pressure, prompting domestic price adjustments.
- Quality and reliability: Tronox's products compete on superior purity and consistent supply chains, appealing to premium sectors, whilst imports face scrutiny for variability in quality.
- Market share: Imports account for approximately 40-45% of sales in the Australian market.

g) Other factors influencing the market - Overcapacity

Chinese TiO_2 production capacity reached 5.9 million tons in 2025[2], marking a 3.8% increase from 2024, with expansions at numerous sites including Inner Mongolia and Anhui provinces. Key factors contributing to overcapacity include:

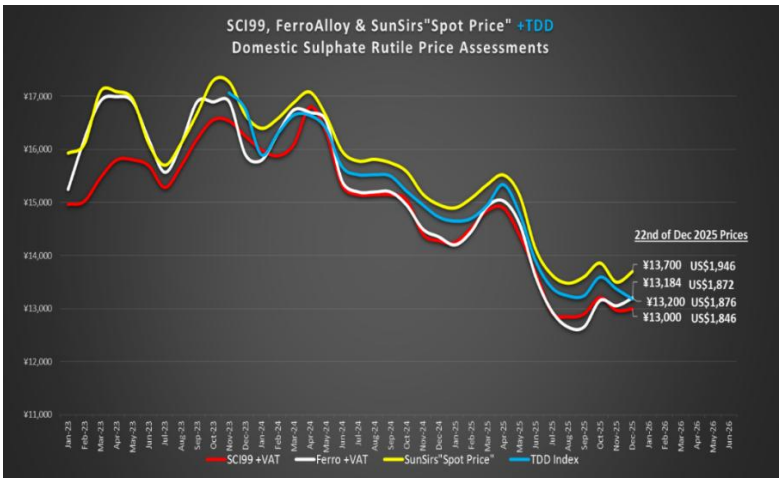
- rapid addition of new facilities despite weak demand, leading to a structural imbalance.
- declining domestic demand, influenced by a 4% YoY drop in the housing market in April 2025, which reduced consumption in paints and coatings.
- global economic pressures, including high energy costs and inventory build-ups, resulting in a 12% contraction in effective capacity utilisation.

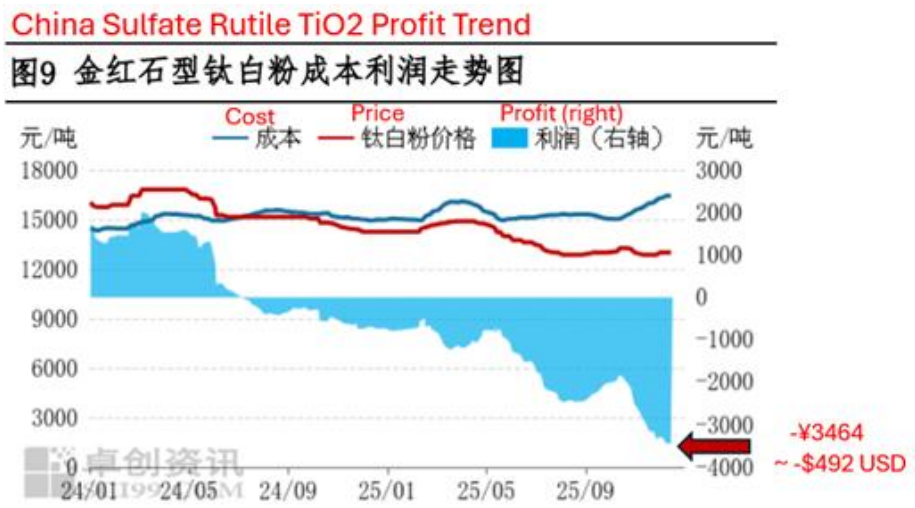
[2] TZMI Pigment Supply Demand - Issue #1 2025, table 4. (**Confidential Exhibit A-5.2**)

- shift to chloride-process production, which increased by 6.4% YoY to 943,000 tons in the first nine months, but overall supply exceeded demand.

This overcapacity manifested in high inventories reaching historical highs by July 2025 and price declines: rutile TiO_2 prices fell 8.83% YoY to 12,300–13,500 yuan/ton by October, while anatase dropped 6.25% to 11,800–12,200 yuan/ton. Domestic prices stabilised at around USD 2.15/kg by late 2025, but margins shrank, pushing producers toward exports.

The following charts[3] on Chinese TiO_2 prices and industry profitability illustrate current market conditions in China, which experienced significant volatility in prices and profitability. The first chart illustrates a broader downward trend in prices from the peaks in 2023, whilst the second chart highlights profitability challenges with costs remaining elevated while prices declined sharply, pushing per-ton profits deep into negative territory as high raw material costs, and slowing demand compressed margins significantly.





[3] Sublime China Information Co., Ltd. (证券代码 / stock ticker: 301299.SZ) — which brands itself as SCI or SCI99 - is a Chinese publisher which provides market prices, fundamentals data, industry reports, analytics, consulting, insights, and event services across a wide range of commodity sectors (including TiO_2) such as energy, chemicals, plastics, metals, and agricultural products.

The following table[4] provides some basic information on Chinese rutile TiO_2 production in 2024 and 2025 showing how production capacity has grown even as utilisation rates have fallen:

Metric	2024	2025	YoY Change
Production Capacity (million tons)	~5.7	5.9	+3.8%
Production (Jan-Sep, million tons)	3.586	3.556	-0.83%
Operating Rate	84%	79%	-6%
Overcapacity Estimate (ktpa)	n/a	400–500	n/a

3. Identify if there are any commercially significant market substitutes for the Australian and imported product.

Response: There is no effective substitute to TiO_2. as no other white pigment has the physical properties for refracting light or can be used as safely and cost effectively.

4. Complete appendix A1 (Australian production). This data is used to support your declaration at the beginning of this application.

Response: Refer to **Confidential Appendix A1 – Australian production.** As Tronox is the sole producer of TiO_2 in Australia, the application is supported by the whole of the Australian industry.

5. Complete appendix A2 (Australian market).

Response: Refer to **Confidential Appendix A2 – Australian market.**

6. Use the data from appendix A2 (Australian market) to complete this table:

*Indexed table of sales quantities**

Response:

A2 - Australian Market							
	(a)	(b)	(c)	(d)	(e)	(f)	
Period	**Your**	**Other**	**Total**	**Dumped**	**Other**	**Total**	**Total**
	Industry sales volume	**Aust^n**	**Aust^n**	**Imports**	**Imports**	**Imports**	**Market**
		Sales	**Sales**				
			(a+b)			(d+e)	(c+f)
2022	100	0	100	100	100	100	100
2023	97	0	97	135	62	109	101
2024	87	0	87	142	94	125	99
2025	84	0	84	163	55	125	98

A-6 Applicant's sales

1. Complete appendix A3 (sales turnover).

[4] TZMI Pigment Supply Demand - Issue #1 2025 (**Confidential Exhibit A-5.2**)

Response: Refer to **Confidential Appendix A3 – Sales turnover.**

2. Use the data from appendix A3 (sales turnover) to complete these tables.

*Indexed table of Applicant's sales quantities**

Response:

A3 - Sales quantities				
	2022	**2023**	**2024**	**2025**
Like goods				
Australian market	100	97	87	84
Export market	100	62	81	67
Total	100	67	82	70

*Indexed table of Applicant's sales values**

Response:

A3 - Sales Turnover				
	2022	**2023**	**2024**	**2025**
Like goods				
Australian market	100	99	88	85
Export market	100	83	90	77
Total	100	86	89	79

3. Complete appendix A5 (sales of other production) if you have made any:
   - internal transfers; or
   - domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.

Response: Refer to **Confidential Appendix A5 – Sales of other production.**

4. Complete appendix A4 (domestic sales).

Response: Refer to **Confidential Appendix A4 – Domestic sales.**

5. If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.

Response: Not applicable as associated customers do not exist.

6. Attach a copy of distributor or agency agreements/contracts.

Response: Not applicable.

7. Provide copies of any price lists.

Response: Not applicable.

8. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.
   - Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).
   - If you have issued credit notes (directly or indirectly) provide details if the credited amount has not been reported appendix A4 (domestic sales) as a discount or rebate.

Response:

[redacted].

[TABLE REDACTED]

[redacted].

[Price reduction details relevant to domestic sales]

9. Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short-term contract of sale, inland freight contract, and bank documentation showing proof of payment.

Response: Refer to **Confidential Exhibit A-6.9 – Sampled sales documentation.**

10. Provide a list of model control codes from appendix A4.

Response: The model control codes relevant to Tronox's sales of TiO_2 are "C", as all like goods are manufactured using the chloride process.

A-7 General accounting/administration information

1. Specify your accounting period.

Response: Calendar year

2. Provide details of the address(es) where your financial records are held.

Response: Lot 22 Mason Road, Kwinana Beach WA 6167

3. To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:
   - chart of accounts;
   - audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);
     internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.
     These documents should relate to:
     1. the division or section/s of your business responsible for the production and sale of the goods covered by the application, and
     2. the company overall.

Response: Refer to the following exhibits:
- **Confidential Exhibit A-7.3 – Audited financial statements 2023**
- **Confidential Exhibit A-7.3 – Audited financial statements 2024**
- **Confidential Exhibit A-7.3 – Management Accounts 2025**
- **Confidential Exhibit A-7.3 – Chart of accounts**

4. If your accounts are **not** audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

Response: Not applicable.

5. If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.

Response: There are no noted differences.

6. Describe your accounting methodology, where applicable, for:
   - the recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;

Response: We recognise revenue at a point in time when the customer obtains control of the promised products. For most transactions this occurs when products are shipped from our manufacturing facilities or at a later point when control of the products transfers to the customer at a specified destination or time.

   - provisions for bad or doubtful debts;

Response: We provide for these when our management Credit Committee decides that the appropriate accounting standard has been met with any concern on recoverability.

   - the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;

Response: Selling, General and Administrative expenses as well as Interest costs are not allocated to the Cost of Goods Sold.

- costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;

Response: Costs for each tonne made are determined on a standard basis each month, with the production cost variance to standard allocated to each production batch by tonne.

- the method of valuation for inventories of raw material, work-in-process, and finished goods (eg FIFO, weighted average cost);

Response: All Pigment manufacturing is on a First In First Out (FIFO) basis.

- valuation methods for scrap, by-products, or joint products;

Response: These are allocated a value based on expected revenue.

- valuation methods for damaged or sub-standard goods generated at the various stages of production;

Response: From time-to-time certain anomalies may occur during the production of pigment inventory, including WIP, that may impact the quality of the resulting product. This often results in the inventory not complying with the Company's quality specifications which causes the product to be declared as "out of spec" or "off-spec" inventory. When this occurs, there are four possible ways the Company could handle such inventory:

- [redacted];
- [redacted];
- [redacted]; or
- [redacted].

- valuation and revaluation of fixed assets;

Response: We evaluate the recoverability of the carrying value of long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Under such circumstances, we calculate the recoverable amount (being the higher of fair value less costs of disposal or value in use) and compare this to the carrying amount of the assets being tested. If the carrying amount is greater than the recoverable amount then the excess is recorded as an impairment. The amount of the impairment is written off against earnings in the period in which the impairment is determined.

- average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;

Response: We apply Straight Line depreciation method with the useful lives as listed below:

GENERAL ASSETS

ITEM/DESCRIPTION	Useful Life in Years
Land	NA
Land Improvements	20
Occupied Buildings	30-40
Building Improvements (HVAC, plumbing, electrical, roof)	15-20
Rail Rolling Stock	15-20
Leasehold Improvements (1)	10-20
Furniture/Fixtures/Artwork	10
Portable Buildings/Trailers	5-20
Telecommunications equipment/LAN/Mainframe computers & servers	5
Rolling Stock and Motor Vehicles	>1-8
Application Software	>1-7
Personal Computer Software (expense - < $30,000)	>1-7
Computers – PC, Printers and Misc. Office Equipment (expense - < $30,000)	>1-5

PROCESS FACILITIES

Foundations/Heavy Structures/Buildings/Silos/Bins (FSB)	30-40
Primary & Secondary Electrical Distribution (PED)	20-25
Light Structures/Process Tanks (LPT)	15-20
Ponds (1) (PND)	15-20
Process Piping (PRP)	15
Electrical Equipment (Motors/Instruments/MCCs) (MIM)	6-15
General Mechanical Equip. (GME)	2-15
Specialized Process Equipment (oxidizers/custom fabrications) SPE)	5-15
Tank and Vessel Linings (TVL)	>1-15
Intangible Drilling Costs Assets	>1-20
Anode/Cathode	>1-14

(1) Or remaining estimated life, whichever is shorter

- treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and

Response: Transaction gains and losses are reflected in the Income Statement in the period of the Transaction. Translation adjustments are reflected in Other Comprehensive Income.

- restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.

Response: These costs are reported as separate from normal ongoing costs and do not form part of cost of goods sold.

7. If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.

Response: There have been no changes.

A-8 Cost information

1. Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.

Response: Refer to **Confidential Appendices A6.1 – Domestic CTMS**, and **Confidential Appendices A6.2 – Export CTMS.**

2. Provide a list of model control codes from appendix A6.1 and A6.2.

Response: MCC = “C”

A-9 Injury

The principal indicators of injury are price, volume and profit effects – although not all of these must be evident. For this application, profit refers to amounts earned. Profitability is the ratio of profit to sales revenue. Where the application includes a claim of threat of material injury you must also complete question C.2.

1. Estimate the date when the material injury from dumped and/or subsidised imports commenced.

Response: Analysis of the industry and market data reveals that material injury from dumped imports has been evident since at least 2022, as indicated by persistent undercutting margins. However, the full extent of this injury became markedly apparent and acutely felt by the industry starting in 2023, when the undercutting margin widened to over 30%, intensifying competitive pressures and leading to significant lost sales volumes and a sharper decline in market share. Imports captured an increased share of the market underscoring the escalated economic strain and noticeable erosion of the industry's market position from that year onward.

2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model control code of your production. P^n is the most recent period.

Index of production variations (model control code)
Response:

Production variation				
MCC	**2022**	**2023**	**2024**	**2025**
C	100	82	103	103

Index of cost variations (model control code)
Response:

Cost variation				
MCC	**2022**	**2023**	**2024**	**2025**
C	100	121	110	112

Index of price variations (model control code)
Response:

Price variation				
MCC	**2022**	**2023**	**2024**	**2025**
C	100	103	101	101

Index of profit variations (model control code)
Response:

Profit variation				
MCC	**2022**	**2023**	**2024**	**2025**
C	100	-17	89	41

Index of profitability variations (model control code)
Response:

Profitability variation				
MCC	**2022**	**2023**	**2024**	**2025**
C	100	-16	91	45

3. Complete appendix A7 (other injury factors).

Where applicable to injury claims, prepare an indexed table for other injury factor(s) in the format above.
Response:

Other factors				
	2022	**2023**	**2024**	**2025**
Revenue	100	86	89	79
FG inventory	100	80	95	110

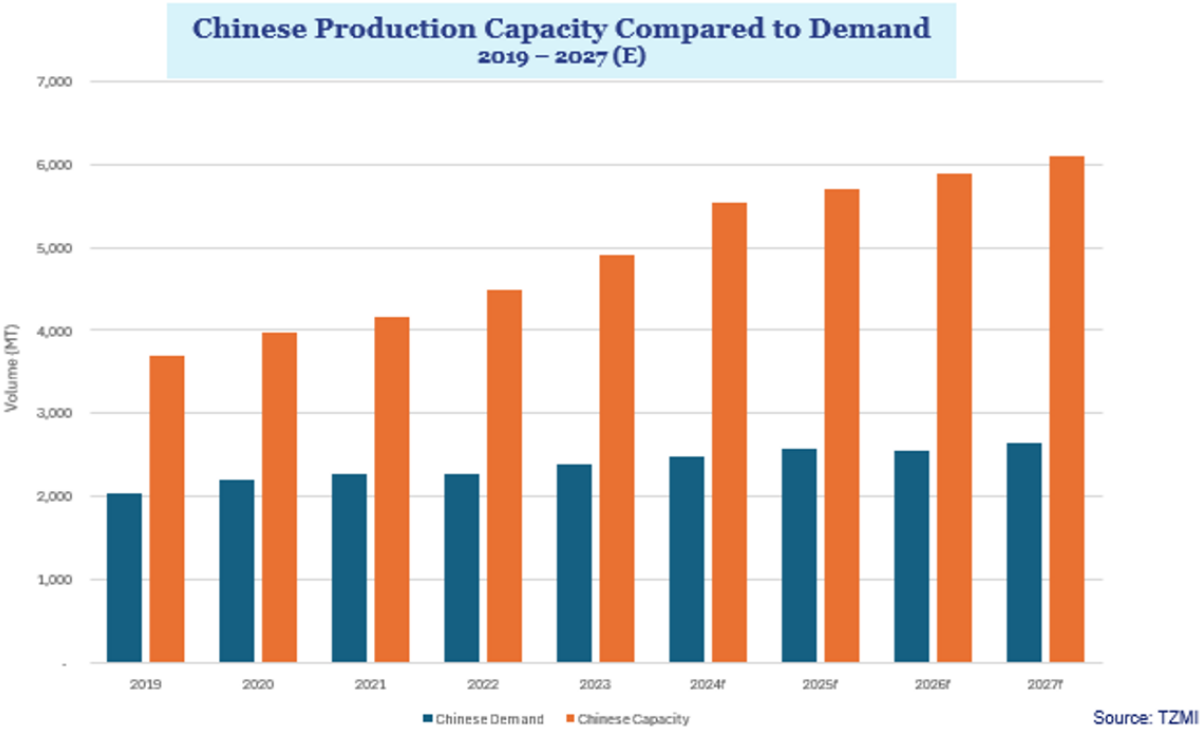
A-10 Link between injury and dumped or subsidised imports

To establish grounds to initiate an investigation there must be evidence of a causal relationship between the injury and the alleged dumping or subsidisation. This section provides for an applicant to analyse the data provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.
Response: Prior to outlining and analysing the impact of dumped Chinese imports on industry's economic and financial performance over the injury period, it is important to understand the market imbalances being driven by the overcapacity in the Chinese TiO_2 market.

Overcapacity in the Chinese TiO_2 Market

China's TiO_2 production capacity reached 5.9 million tons in 2025, marking a 3.8% increase from 2024, with expansions primarily in Inner Mongolia and Anhui provinces. As evidenced in the chart[5] below, growth in Chinese TiO_2 production capacity far outstrips domestic Chinese demand leaving producers reliant on exports to cover their fixed production costs.

[5] TZMI Pigment Supply Demand - Issue #1 2025 – **Confidential Exhibit A-5.2**



Key factors contributing to overcapacity include:

- rapid addition of new facilities despite weak demand, leading to a structural imbalance.
- declining domestic demand, influenced by a 4% YoY drop in the housing market in April 2025, which reduced consumption in paints and coatings.
- global economic pressures, including high energy costs and inventory build-ups, resulting in a 12% contraction in effective capacity utilisation.
- shift to chloride-process production, which increased by 6.4% YoY to 943,000 tons in the first nine months, but overall supply exceeded demand.

This overcapacity manifested in high inventories reaching historical highs by July 2025 and price declines: rutile TiO_2 prices fell 8.83% YoY to 12,300–13,500 yuan/ton by October, while anatase dropped 6.25% to 11,800–12,200 yuan/ton. Domestic prices stabilised at around USD 2.15/kg by late 2025, but margins shrank, pushing producers toward exports.

Metric	2024	2025	YoY Change
Production Capacity (million tons)	~5.7	5.9	+3.8%
Production (Jan-Sep, million tons)	3.586	3.556	-0.83%
Operating Rate	84%	79%	-6%
Overcapacity Estimate (ktpa)	n/a	400–500	n/a

Export Strategies

To alleviate domestic overcapacity, Chinese suppliers exported excess TiO_2 at below-cost prices, with average export prices falling 9.87% YoY to USD 2,003/ton in

the first nine months of 2025. Export volumes totalled 1.346 million tons in that period, down 6.48% YoY, due to trade barriers. Dumping was evident in offers as low as USD 1.94/kg for exports, undercutting local producers in target markets and capturing market share amid weak global demand.

Strategies included:

- Price reductions to offload inventory, despite collective price hikes of RMB 500/ton domestically and USD 100/ton for exports early in 2025.
- Focus on emerging markets like India (14% of exports), Turkey (7%), and Vietnam (5%).
- However, anti-dumping tariffs in key markets reduced competitiveness, with exports dropping 20% (100 kt) in Q2 2025 alone, putting additional pressure on export markets such as Australia, where anti-dumping tariffs do not exist.

Dumping practices and impact of measures on key export markets

Dumping has caused material injury to local industries in export markets, including reduced market share, price suppression, and lower profitability. Anti-dumping measures were widespread, affecting roughly one-third of Chinese export destinations.

- **European Union**: Provisional duties since July 2024 became definitive in January 2025, with rates of US$290-860/mt. Chinese imports fell nearly 20% in April 2025 vs. early 2023.
- **India**: Duties of USD 460–681/ton imposed in May 2025 led to a Q1 import surge (94 kt from China out of 110 kt total) for restocking, but exports declined post-implementation.
- **Brazil**: Tariffs of US$1,149 – 1,268/t reduced Chinese imports by 10 kt in Q1 2025.
- **United States**: No new anti-dumping duties specific to TiO_2, though earlier tariffs (35%–39.7%) from 2024 investigations remained in effect.
- **Saudi Arabia**: Definitive dumping duties ranging from 19% - 45% imposed on Chinese imports.

In addition, [redacted] **[trade actions]** which will further exacerbate Chinese producers' need to secure exports in unprotected markets at any cost.

The above trade remedy measures already in place risked displacing approximately 750 kt of annual Chinese exports, [redacted] **[trade actions]** means that unprotected export markets such as Australia will become a clear target for diverting excess capacity.

1. Identify from the data at appendix A2 (Australian market) the influence of the volume of dumped and/or subsidised imports on your quarterly sales volume and market share.

Response: An assessment of the Australian market volumes outlined in Appendix A2 and displayed in the chart below, reveals a clear and direct relationship between the emergence of dumped Chinese imports, and the corresponding impact on Tronox's sales.

[CHART REDACTED]

The data illustrates a clear negative correlation between the rise in dumped Chinese imports and the domestic industry's performance. As Chinese imports surged by approximately 63% over the period, industry sales volumes declined steadily by about 16%. This confirms that Chinese imports are displacing domestic production, capturing a larger portion of the available demand. Meanwhile, the industry's market share eroded by [redacted]%, while Chinese market share expanded aggressively by [redacted]%, displaying a direct shift in competitive dynamics favouring the imports.

Notably, other (non-dumped) imports fluctuated and declined by 45%, yet total imports still rose modestly, driven almost entirely by the Chinese component. This isolates the dumped imports as the primary pressure point.

The overall slight market contraction (down 2%) over the injury period amplifies the adverse effects of the Chinese import surge, as competition intensifies for a smaller pie, making it harder for the domestic industry to maintain volumes or share. The industry's sales volumes fell faster than the market as a whole, underscoring how the imports are not just filling gaps but actively eroding the industry's position.

The relative weakness of overall market demand has intensified the injury to the domestic industry. With the total market "pie" contracting slightly, the sharp and sustained surge in dumped imports from China has directly displaced domestic volumes. This dynamic has created a compounding cycle where declining domestic sales volumes have eroded economies of scale, pushing unit costs higher and further undermining the industry's ability to compete on price against the lower-priced dumped goods.

In simple terms, the observed patterns are indicative of the distortive effects of dumping, with the lower and unfairly-priced imports undercutting Tronox's domestic selling prices, reducing local competitiveness and leading to market share loss. If dumped imports from China are allowed to continue unchecked, Tronox will experience further erosion of its market share.

The Australian market data and analysis above illustrates a classic case of dumped imports directly impacting domestic industry, with volume suppression and market share dilution amid market contraction.

2. Use the data at appendix A2 (Australian market) to show the influence of the price of dumped and/or subsidised imports on your quarterly prices, profits and profitability provided at appendix A6.1 (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.

Response: Over the injury period, the undercutting margin averaged approximately 27%, confirming that dumped imports were consistently priced significantly lower than Tronox's equivalent prices of domestically produced like goods. The chart below shows the persistent and growing undercutting margins, indicating ongoing dumping practices, and resulting in distorted competition in the Australian market.

The estimated unit prices of dumped Chinese imports and level of undercutting exerted a suppressive influence on the industry's unit prices, limiting Tronox's ability to achieve price growth.

[CHART REDACTED]

The chart below shows the movement in unit selling prices across the injury period, with prices rising in 2023 to account for the sharp increase in production costs, before falling through to 2025. The level of undercutting by dumped imports from China effectively anchored industry's market prices.

[CHART REDACTED]

Overall, industry's prices have remained flat over the injury period, constrained by the need to remain somewhat competitive against dumped imports. The persistently low import prices which undercut by an average margin of 27%, created a "price ceiling" effect, where Tronox risked further volume erosion if they raised prices.

Evidence of the direct effect of Chinese import prices on industry's own selling prices is demonstrated by [redacted]
(refer to **Confidential Exhibit A-10.2 –** [redacted]) [redacted] **[Customer supply details]**

[CHART REDACTED]

[redacted]. Refer to email correspondence at **Confidential Exhibit A-10.2 – Email -** [redacted]**. [Customer supply details]**

Additional evidence of lost sales or examples of reduced pricing to retain other existing business is included at **Confidential Exhibit A-10.2 – Email - Match Chinese pricing.**

The dumped import prices have directly eroded the industry's profits and profitability by intensifying price competition and contributing to volume displacement. For example, the losses incurred by Tronox in 2023 occurred during a pronounced fall in dumped import prices and corresponding sharp increase in the margin of undercutting from 18% to 32%.

As observed in the chart below, both profit and profitability followed a similar trajectory over the period, characterised by a sharp decline into negative territory in 2023, followed by a partial recovery in 2024 and then a further deterioration in 2025, falling 55–59% below 2022 levels. Across the injury period, average profitability remained well below the 2022 benchmark, reflecting the cumulative material injury caused by sustained price undercutting and volume displacement from dumped imports since 2023.

Importantly, with the total Australian market showing slight net contraction over the period, profit and profitability in 2025 remained substantially depressed, highlighting that the domestic industry's financial performance was weaker than the contraction in overall demand and continued to suffer severe adverse effects from the dumped imports.

[CHART REDACTED]

In a market unaffected by the undercutting from dumped imports, it is reasonable to expect that Tronox would have boosted profits from maintained sales volumes and economies of scale. Instead, Chinese importers saw their market-share grow, while Tronox experienced shrinking volumes and volatile profits. The undercutting amplified this by forcing price concessions or acceptance of lower margins to retain market share.

Rather than responding to the undercutting prices of dumped Chinese imports by reducing the prices of its domestically produced goods, which would have compounded the erosion of profit margins on top of the already declining sales volumes, [redacted]. **[market strategy]**

The chart below shows the price relativities between Tronox's locally produced TiO_2 and its imported grades. The chart demonstrates that the grades imported from [redacted]. **[import price performance]**

The chart further illustrates that [redacted]. **[import price performance]**

[CHART REDACTED]

[redacted]

[redacted]. **[market strategy]**

[redacted]. **[market strategy]**

[redacted]. **[market strategy]**

[redacted]. The imposition of anti-dumping duties to address the margin of undercutting is critical to leveling the playing field, enabling the industry to refocus effort on its locally produced goods and recover its lost sales volumes, market share, and profit margins.

3. Compare the data at appendix A2 (Australian market) to identify the influence of dumped and/or subsidised imports on your quarterly costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).

Response: Dumped Chinese import prices and the observed undercutting margins have indirectly elevated the industry's unit cost to make and sell by driving sales volume declines, which in turn inflate unit fixed costs through reduced economies of scale.

The chart below shows that unit cost to make and sell rose [redacted]% in 2023 before falling in 2024 and remaining flat in 2025, but the cumulative [redacted]% increase outpaced the [redacted]% cumulative price growth, squeezing margins. This dynamic is particularly evident in unit fixed costs, which increased [redacted]% over the injury period, outpacing production and leading to reduced economies of scale.

The increase in per-unit fixed costs pushed up average total costs, eroding profitability in the face of reduced revenue stemming from lost sales volumes. In a slightly contracting market, it is reasonable to expect that in the absence of undercutting from dumped imports, Tronox would have achieved stable sales volumes, which would have offset the increase in total fixed costs. Instead, the undercutting by dumped imports from China fuelled import penetration, displacing industry's domestic sales and amplifying the reduced economies of scale.

[CHART REDACTED]

Furthermore, the adverse effects of dumped imports on the industry's unit production costs were mitigated by Tronox's decision to increase production output amid declining sales volumes throughout the injury period. As a result, the unit cost of production remained stable from 2023 to 2025, albeit at the expense of a substantial accumulation in finished goods inventory which increased 30 percentage points over that same period.

4. The quantity and prices of dumped and/or subsidised imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped and/or subsidised imports on these factors and where applicable use references to the data you have provided at appendix A7 (other economic factors). If factors other than those listed at appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.

Response: Of the various other economic indicators outlined in appendix A7, the impact on revenue and finished goods inventory provides further evidence of injury that can be attributed to the dumped imports from China. The chart below shows the trend in revenue and finished goods inventory over the injury period.

[CHART REDACTED]

It shows that revenue peaked in 2022 and has steadily fallen through to 2025 (down [redacted]%), reflecting the lost sales volumes to dumped imports. It is reasonable to conclude that in a market unaffected by dumped imports which were undercutting industry's prices by an average of 27%, Tronox would have maintained sales from the steady demand. Further, the absence of dumped imports would have removed the price ceiling effect caused by the undercutting, which would have enabled Tronox to potentially increase its selling prices. In both scenarios, industry would have achieved revenue significantly greater than the revenue actually achieved in the period.

As previously noted, Tronox continued to increase production volumes despite the reduced sales volumes to dumped imports, leading to a sharp increase in finished goods inventory levels in 2025. This is demonstrated in the chart above where inventory levels increased by [redacted]% over the injury period, highlighting the imbalance between supply and demand created by the undercutting dumped imports.

5. Describe how the injury factors caused by dumping and/or subsidisation and suffered by the Australian industry are considered to be 'material'.

Response: Between 2022 and 2025, the Australian market contracted slightly. Over that same period, the domestic industry performed significantly worse, with its market share declining by [redacted] percentage points over the same period. Starting from a [redacted]% share in 2022, the industry's position eroded progressively, underscoring a shift to

dumped Chinese imports. This decline not only highlights the challenges facing Tronox but also points to external pressures disrupting traditional market equilibria.

The erosion of the domestic industry's market share was largely supplanted by a surge in dumped Chinese import volume over the four-year period. These imports, priced significantly below fair market value, displaced industry's sales and contributed to the industry's volume contraction. In response to these falling sales volumes, the industry strategically chose not to lower prices on its domestically produced goods, which would have further compressed margins. Instead, it introduced imported grades of similar products at discounted prices, targeting price-sensitive customer segments to retain accounts and mitigate immediate losses without devaluing its premium local offerings.

Additionally, other importers of non-Chinese product have also observed reduced volumes to Australia as they too are squeezed out and Chinese imports take their share, providing less choice for consumers

To assess the materiality of the injury inflicted by these dumped Chinese imports, it is instructive to consider counterfactual scenarios where the market operates without such distortions. In a market unaffected by dumping, the domestic industry could reasonably have maintained its 2022 market share of [redacted]%. Alternatively, at a minimum, it might have sustained the average market share of [redacted]% observed over the injury period, reflecting a more conservative baseline amid ongoing pressures. These assumptions allow for the quantification of lost opportunities by estimating the additional sales volumes that would have been achieved under each scenario, thereby revealing the foregone revenue attributable to dumping.

Calculations based on these benchmarks demonstrate substantial economic impact. Had the industry preserved its 2022 market share of [redacted]% throughout the period, it would have generated approximately $[redacted] million in additional revenue, representing a [redacted]% increase over actual earnings and highlighting the severe displacement caused by dumped imports. Even under the more modest average share of [redacted]%, the potential uplift amounts to about $[redacted] million, or [redacted]% of realised revenue, further emphasising the tangible harm.

The forgone revenue in these scenarios would have directly flowed through to enhanced profits and profitability by bolstering sales volumes, which in turn would dilute unit selling costs and lead to an estimated $[redacted] million in extra profits annually in the first scenario. This uplift would elevate overall profitability ratios, restoring them to the profitability benchmark from 2022. Similarly, the second scenario would contribute a proportionally lower but still meaningful profit gain of $[redacted] million.

In summary, the interplay of market expansion and import-driven displacement underscores the profound injury to the domestic industry, with dumped Chinese products acting as the primary catalyst.

6. Discuss factors other than dumped and/or subsidised imports that may have caused or may threaten to cause injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more

susceptible to injury from dumping and subsidisation.

Response: There are no known factors other than dumping which may have caused injury to the Australian industry. Given the growth in the overall market and sources of supply, dumped imports are considered the only known factor that has caused material injury.

7. This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped and/or subsidised imports, forecast their impact on your industry's economic condition. Use the data at appendix A2 (Australian market), appendix A6 (cost to make and sell), and appendix A7 (other economic factors) to support your analysis.

PART B

DUMPING

IMPORTANT

All questions in Part B should be answered even if the answer is 'Not applicable' or 'None' (unless the application is for countervailing duty only: refer Part C). If an Australian industry comprises more than one company/entity, Part B need only be completed once.

B-1 Source of exports

1. Identify the country(ies) of export of the dumped goods.

Response: The goods the subject of this application are exported from China.

2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.

Response: The imported goods are understood to be Chinese origin.

3. If the source of the exports is a non-market economy, or an 'economy in transition' refer to Part C.4 and Part C.5 of the application.

Response: Not applicable.

4. Where possible, provide the names, addresses and contact details of:
   - producers of the goods exported to Australia;
   - exporters to Australia; and
   - importers in Australia.

Response:

Exporters

Table B-1.4 below lists the largest Chinese producers and exporters.

Foreign Exporter/Producer	Address	Telephone	Website, email
LB Group	LB Group Zhongzhan District Jiaozuo City Henan Province China	+86 391 3126903	https://www.lomonbillions.global/
Jiuta Group	Shanghai Jiuta Chemicals Co., Ltd. Room 1225,Building 5,No 26 Hexuan Road 201800,Shanghai China	+86-21-5204 2175	https://jiutatitanium.com/index.html
Titanos Group	21F, No.915, Zhenbei Road Shanghai 200333	+86-21-32513559	https://www.titanos.com/
CNNC Hua Yuan Titanium Dioxide Company Ltd.	22-3-402 Nandu Riverside Garden, Binjiang, Hangzhou, 310053, P.R. China	+86 13957188588	
Dawn Group	Longkou Development Zone,Shandong,China	+86-535-8868588	https://en.chinadawn.cn/show-39-8-1.html
Boom (HK) Limited	Address: Room 06, 13A/F, South Tower, World Finance Centre, Harbour City, 17 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	+852-30591616	www.boom.tm
Jinan Yuxing Chemical Co.	Chemical Industry Park, Sangzidian Town, Tianqiao District, Jinan City	+86（531）67612778	
Yibin Tianyuan Haifeng Hetai	NO.1 Haifeng Road, Yangchun Industrial Park, Jiang An county, Yibin, Sichuan, China.	Not found	http://www.chlorideprocess-titaniumdioxide.com/

Importers

Tronox is not familiar with parties directly involved in the importation of the subject goods, however it is believed the following parties may be importers of the goods:

- Hempel (Wattyl)

- PPG (Taubmans)
- Oxerra
- Redox
- Brenntag
- Amtrade
- Scott Chemicals
- CCC Ingredients
- All Colour Supplies Pty Ltd

5. If the import volume from **each** nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.

Response: Import volumes from China exceed the 3% threshold of total imports.

6. In the case of an application for countervailing measures against exports from a developing country, if the import volume from **each** nominated country at Appendix A.2 (Australian Market) does not exceed 4% of all imports of the product into Australia refer to Part C.6 of the application

Response: Not applicable.

B-2 Export price

Possible sources of information on export price include export price lists; estimates from the Australian Bureau of Statistics; a deductive export price calculation from the Australian selling price of the imported goods; export sales quotations or invoices; foreign government export trade clearances.

1. Indicate the FOB export price(s) of the imported goods. Where there are different model control codes or levels of trade involved, an export price should be supplied for each.

Response: Export prices have been calculated using Australian import data which reflects the monthly FOB Customs Value of the goods. The chart below shows the monthly movements in unit FOB export prices in Australian and US dollars per ton.

Based on the import data, the average export price for the most recent 12-month period ending December 2025 is estimated to be US$2,120/t.

2. Specify the terms and conditions of the sale, where known.

Response: The import data used for calculating export prices reflect free-on-board per ton prices in Australian dollars.

3. If you consider published export prices are inadequate, or do not appropriately reflect actual prices, please calculate a deductive export price for the goods. Appendix B1 (Deductive Export Price) can be used to assist your estimation.

Response: Not applicable.

4. It is important that the application be supported by evidence to show how export price(s) have been calculated or estimated. The evidence should identify the source(s) of data.

Response: The source for the import data used for calculating export prices is Australian import statistics based on tariff classification 32061100.

B-3 Selling price (normal value) in the exporter's domestic market

Possible sources of information about domestic selling prices in the country of export include: price lists for domestic sales (with information on discounts); actual quotations or invoices relating to domestic sales; published material providing information on the domestic selling prices; or market research undertaken on behalf of the applicant.

1. State the selling price for each model control code of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.

Response:

I. INTRODUCTION

Determination of normal values is set out in section 269TAC of the *Customs Act 1901* ("the Act). Under s.269TAC(1) of the Act, there is a general test for determining the normal value of goods on the basis of arms-length domestic sales sold in the ordinary course of trade. This general test must be used to establish normal values unless one of the exceptions set out in s.269TAC(2) of the Act is applicable.

One of the exceptions to this general test is set out in s. 269TAC(2)(a)(ii) of the Act. That exception provides that the general test will not be applicable if the Minister is "satisfied" that a situation in the market has rendered domestic selling prices unsuitable for establishing normal values.

Whilst the legislation does not define market situations that would render domestic sales as unsuitable, the Commission's policy manual[6] provides guidance by noting that factors such as:

- whether the prices are artificially low; or
- whether there are other conditions in the market which render sales in that market not suitable for use in determining prices under section 269TAC(1).

The manual also highlights that '*government influence on prices or costs could be*

[6] Dumping & Subsidy Manual, page 29

one cause of "artificially low pricing".'

Tronox contends that domestic sales of TiO_2 in China do not permit a proper comparison due to the existence of a particular market situation ("PMS"), and should be rejected for that purpose. Given the pervasive nature of the PMS in the Chinese TiO_2 industry, Tronox has disregarded domestic selling prices for estimating normal values.

In order to properly investigate the PMS in China, and given that relevant and necessary information is held by Chinese producers and the Government of China, the Commission is requested to fully examine and assess the PMS claims outlined below, by issuing specific PMS questionnaires to producing and exporting interested parties.

Tronox provides its detailed PMS allegations and supporting evidence based on information reasonably available to it.

II. LEGAL STANDARD

Sections 269TAC(1) and TAC(2)(c) of the Act implement Article 2.2 of the WTO's Anti-Dumping Agreement ("AD Agreement"), which states:

> When there are no sales of the like product in the ordinary course of trade in the domestic market of the exporting country or when, because of the particular market situation or the low volume of sales in the domestic market of the exporting country, such sales do not permit a proper comparison, the margin of dumping shall be determined by comparison with … the cost of production in the country of origin plus a reasonable amount for administrative, selling and general costs and for profits.

In *Australia – Anti-Dumping Measures on A4 Copy Paper* ("Australia-Paper"), the WTO Panel interpreted this provision to mean that "the phrases 'particular market situation' and 'permit a proper comparison' function together to establish a condition for disregarding domestic market sales as the basis for normal value."[7] In effect, the Panel in *Australia-Paper* found that there is a two-part test under which the authority must engage in a fact-specific and case-by-case determination[8] of whether (1) there is a "particular market situation" in the domestic market of the exporting country, and (2) if so, because of the particular market situation, the domestic sales of the individual exporters do not "permit a proper comparison" of the domestic prices and export prices.[9]

The Panels in *Australia-Paper* and in *European Union – Cost Adjustment Methodologies and Certain Anti-Dumping Measures on Imports from Russia (Second Complaint) ("EU-Cost Adjustment Methodologies* (Second)") provided the following additional guidance:

- "[T]he text of Article 2.2 does not support an interpretation of the phrase 'particular market situation' as referring to only one specific situation."[10]

[7] Exhibit B-3.1: Panel Report, *Australia – Anti-Dumping Measures on A4 Copy Paper* ("*Australia-Paper*"), WT/DS529/R, para. 7.27.
[8] Exhibit B-3.1: *Australia-Paper* at para. 7.21.
[9] Exhibit B-3.1: *Australia-Paper* at para. 7.91.
[10] Exhibit B-3.2: Panel Report, *European Union – Cost Adjustment Methodologies and Certain Anti-Dumping Measures on Imports from Russia* (Second Complaint) ("*EU-Cost Adjustment Methodologies* (Second)", WT/DS494/R, para. 7.181.

- "The phrase 'particular market situation' does not lend itself to a definition that foresees all the varied situations that an investigating authority may encounter that would fail to permit a 'proper comparison'. In our view, the drafters' choice to use such a phrase should be treated as a deliberate one. Consequently, while the expression 'particular market situation' is constrained by the qualifiers 'particular' and 'market', it nevertheless cannot be interpreted in a way that comprehensively identifies the circumstances or affairs constituting the situation that an investigating authority may have to consider."[11]
- "[T]he market situation must be distinct, individual, single, specific but that does not necessarily make it unusual or out of the ordinary – i.e. exceptional."[12]
- "[T]he text and operation of Article 2.2" provide "no basis for interpreting 'particular market situation' as necessarily relating exclusively to a country 'as a whole.'"[13]
- The Panel found no support for the argument that an authority is precluded, in examining an allegation of PMS, from analysing "whether prices are 'artificially low' on the basis of an examination of supply and demand signals in markets, of alleged market distortions, or of product or input prices as compared to prices in world markets or representative markets."[14]
- A determination of "particular market situation" based on the existence of low input prices, on a factual finding concerning a situation that allegedly did not exclusively affect domestic sales, or on certain government policies affecting the input sector does not render the determination in consistent with Article 2.2 of the AD Agreement.[15]
- "[T]he term 'particular market situation' does not require or contemplate an analysis relating to the capability of causing domestic sales to not permit a proper comparison in the abstract. Rather, the terms 'because of' and 'not permit a proper comparison' in Article 2.2 already properly and adequately fulfil this function.[16]
- "Where a 'particular market situation' is found to exist, the investigating authority must examine whether 'a proper comparison' of the domestic and the export price is permitted or not. We consider that the 'proper comparison' language calls for an assessment in respect of the comparison of domestic and export prices."[17]
- While the proper comparison in Article 2.2 refers to the comparison between the domestic and export prices, a purely numerical comparison between the two prices may not reveal anything about whether the domestic price can be properly compared with the export price. Rather, it is necessary to conduct a qualitative comparison of the domestic and export prices.[18]

[11] Exhibit B-3.1: *Australia-Paper* at para. 7.21.
[12] Exhibit B-3.1: *Australia-Paper* at para. 7.22.
[13] Exhibit B-3.2: *EU-Cost Adjustment Methodologies* (Second) at para. 7.195. Annex 4.
[14] Exhibit B-3.2: *EU-Cost Adjustment Methodologies* (Second) at para. 7.197. Annex 4.
[15] Exhibit B-3.1: *Australia-Paper* at paras. 7.32, 7.40, 7.56, and 7.57.
[16] Exhibit B-3.1: *Australia-Paper* at para. 7.27.
[17] Exhibit B-3.1: *Australia-Paper* at para. 7.73.
[18] Exhibit B-3.1: Australia-Paper at para. 7.75.

- "In our view, how domestic prices and export prices of an individual exporter {footnote omitted} are affected notwithstanding an equal decrease in input costs is likely to depend significantly upon a number of factors, including the prevailing conditions of competition in each market and the existing relationship between price and cost. We consider that an exporter may find itself with different options in respect of how to take advantage of an input cost decrease depending on market conditions in each market. This is similar to a situation when a cost increase occurs and the exporter faces differing market conditions in domestic and export markets such that the exporter is able to pass on the cost increase to customers in one market but unable to do so in the other. Accordingly, we are not persuaded that a low-priced input used identically to produce merchandise for domestic and export markets will necessarily have the same effect on domestic prices and export prices and therefore necessarily permit a proper comparison. Rather, we find that whether the exporter's domestic sales permit a proper price comparison with the export price is a question that can only be ascertained through an examination of relevant factual circumstances."[19]

III. A PARTICULAR MARKET SITUATION EXISTS IN THE CHINESE TiO_2 MARKET

Other jurisdictions provide additional regulatory guidance for determining the existence of a PMS. For example, Article 2(3) of the EU's Basic Anti-Dumping Regulation ("EU Regulation") provides that a PMS includes circumstances where (a) prices are artificially low, (b) there is significant barter trade, or (c) prices reflect non-commercial factors.[20] Similarly, UK Regulation 7(4) refers to the same circumstances. Brazil's Article 15, Paragraph 16 of its Antidumping Regulation clarifies that particular market situation "includes circumstances in which the formation of domestic prices, in particular those relating to basic inputs, does not occur under market conditions or is determined or significantly influenced by government action."[21]

A. Government Influence

The Chinese TiO_2 sector is affected by significant distortions in prices and costs, including the costs of raw materials and energy, because of the impact of substantial government intervention on normal market forces.

First, as a general matter, China operates a socialist market economy, and the General Program of the Chinese Communist Party ("CCP") Constitution "reaffirms the socialist market economy as China's economic system and the CCP's active role."[22] In application of this principle, the CCP guides decision-making in both the public and private sector. Moreover, certain "cross-cutting" distortions are systemic in China. For example, there is substantial government intervention at many levels of the economy, including specific distortions in many key factors of production (eg., land, energy, capital, raw materials, and labour) as well as in specific economic sectors

[19] Exhibit B-3.1: *Australia-Paper* at paras. 7.80 and 7.81.
[20] Exhibit B-3.3: EU Regulation 2016/1036 of the EU Parliament and of the Council of 8 June 2016 on Protection Against Dumped Imports from Countries Not Members of the European Union, Article 2(3).
[21] Exhibit B-3.4: WTO Committee on Anti-Dumping Practices, Communication from the Delegation of Brazil, Notification of Laws and Regulations Under Article 18.5 of the Agreement, G/ADP/N/1/BRA/3, 20 September 2013 at Article 15, Paragraph 16.
[22] Exhibit B-3.5: Commission Implementing Regulations (EU) 2023/2120 of 12 October 2023 Imposing a Provisional Anti-Dumping Duty on Imports of Electrolytic Manganese Dioxides Originating in the People's Republic of China, recital 66.

(eg., chemicals).

Second, the Chinese government and CCP presence and non-market influence in private and state-owned firms interferes with and influences the setting of prices and costs of all factors of production both directly and indirectly. The European Commission has found that the CCP exercises pressure on private companies "to put patriotism first and to follow party discipline."[23] It reported that "party cells existed in 70% of some 1,86 million privately owned companies, with growing pressure for the CCP organisations to have a final say over the business decisions within their respective companies[.]" The Commission stressed that these rules "are of general application throughout the Chinese economy, across all sectors . . . .".[24] This control is reflected in Article 33 of the CCP Constitution:

> *Primary-level Party organisations in non-public sector entities shall implement the Party's principles and policies, guide and oversee their enterprises' observance of state laws and regulations, exercise leadership over trade unions, Communist Youth League organisations, and other people's group organisations, promote unity and cohesion among workers and office staff, safeguard the legitimate rights and interests of all parties, and promote the healthy development of their enterprises.*[25]

The requirement of a Party cell within each company was approved by the National People's Congress under Article 19 of the Company Law, which provides that: "*In companies, Communist Party organizations shall, in accordance with the provisions of the Constitution of the Communist Party of China, be set up to carry out activities of the Party. Companies shall provide the necessary conditions for the Party organizations to carry out their activities*."[26]

The TiO_2 sector in China is regularly subject to these overlaps between managerial positions and CCP membership, as illustrated below:

- As reported in LB Group's 2023 annual accounts, Zhang Haitao is the chairperson of the board of directors of the LB Group, while also being described prior as "a member of the Communist Party of China."[27]
- As reported on GPRO website, Guo Jindong, the Chairman of the GPRO Group (which is the parent company of Nanjing Titanium White Chemical Co., Ltd, a Chinese TiO_2 producer), is also "the Secretary of the Party Committee." Mr. Jindong declared that "the Communist Party of China is a great, glorious and correct Marxist party. Adhering to the leadership of the party and strengthening party building are the fundamental guarantee for the company's development to always go into the right direction and reach major achievements."[28]
- According to Lubei Goup's website, Lu Tianbao, Chairman of Lubei's Board of Directors, is also a representative of the Chinese National Congress and the

[23] Exhibit B-3.6: Commission Implementing Regulation (EU) 2021/635 of 16 April 2021 Imposing a Definitive Antidumping Duty on Imports of Certain Welded Pipes and Tubes of Iron or Non-Alloyed Steel Originating in Belarus, the People's Republic of China and Russia, recitals 119-122
[24] Ibid.
[25] Exhibit B-3.7: Constitution of the Communist Party of China.
[26] Exhibit B-3.8: Companies Law of the People's Republic of China.
[27] Exhibit B-3.9: 2023 Annual Report of LB Group Co., Ltd, April 2024.
[28] Exhibit B-3.10: GPRO Website, "GPRO Group solemnly held a meeting to celebrate the 100th anniversary of the founding of the Communist Party of China", 28 July 2021.

Secretary of the Party Committee of the group. Mr. Tianbao chaired a meeting to "convey and study the spirit of the important speech of General Secretary Xi Jinping and the main content of the government work report, emphasizing that thoughts and actions must be quickly unified in line with this speech."[29]

- Zhigang Hao is Chairman of the Chinese TiO_2 producer, China National Bluestar, while holding at the same time the position of Party Secretary.[30]

This demonstrates that the TiO_2 sector in China is subject to Chinese government interventionist policy under which the Chinese government and the CCP interfere and influence prices and costs, thereby not allowing them to reflect market factors.

Third, the Chinese market, including the TiO_2 market, is served by enterprises that operate under the ownership, control, and/or policy supervision or guidance of Chinese government authorities and the CCP, which provides significant evidence that enterprises cannot be considered to make sales in accordance with commercial considerations. The largest Chinese TiO_2 producers are as follows:

Name of Chinese TiO_2 producers	**Location**	**Capacity (tonnes)**
LB Group	Jiaozuo	1,435,500
CNNC	Guangzhou	520,000
GPRO (Nanjing Titanium White Chemical Co., Ltd)	Nanjing	160,000
Shandong Jinhai	Binzhou	320,000
Doguide	Zibo	210,000
Angang – predecessor to Pangang	Panzhihua	313,000
Bluestar	Baise	190,000
Taihai Group	Panzhihua	85,000

As described below, the main Chinese TiO_2 producers are heavily linked with and influenced by the Chinese Government and the CCP:

- China National BlueStar (Group) Co. (BlueStar), a large-scale enterprise with important market shares in the production of TiO_2, is state-owned and influenced by government guidance instead of market factors. BlueStar is "a subsidiary of China National Chemical Corporation (ChemChina)." ChemChina is a state-owned enterprise financed and owned by the central government.[31]
- State influence in the TiO_2 sector also occurs through the operation of state-owned enterprises. For instance, Angang (predecessor to Pangang Group Vanadium Titanium & Resources) is a subsidiary of former parent company Pansteel (Pangang Group Company Limited) and is engaged in the production, processing, and sale of titanium products, including TiO_2. In May 2010, Pangang Group Co., Ltd. merged with Anshan Iron and Steel Group Corporation to become Ansteel, a very large state-owned enterprise:

[29] Exhibit B-3.11: Lubei Website, "Lubei Group conveys and implements the spirit of the national "two sessions"", 15 March 2023.
[30] Exhibit B-3.12: Elkem Website, Corporate management and Board of directors.
[31] Exhibit B-3.13: Sulphuric Acid on the Web, "China National BlueStar (Group) Co., Ltd.", 30 May 2009.

> *Pangang Group Co., Ltd. is the largest vanadium manufacturer in the world, the largest titanium raw material and important titanium dioxide production base in China. In 2011, Ansteel Group Corporation ranked among Fortune 500 Largest Global Corporations. As one of the state-owned large-sized enterprises, Ansteel now has 7 production bases with special characteristics in northeast, southwest, north China, southeast and south China, masters rich iron ore resources in Liaoning and Sichuan, China and Karara, Australia. […] Ansteel Group Corporation has become the largest rail and ship plate manufacturer in China, the largest vanadium producer in the world and the largest titanium raw material and important titanium dioxide production base in China.*[32]

- Shandong Jinhai Titanium Industry Resources Technology Co., Ltd ("Shandong Jinhai") is the fourth largest TiO_2 producer in China, with an annual output of around 250,000 tonnes and is a state-owned holding company. Shandong Jinhai is part of Shandong Lubei Enterprise Group Corporation (or Lubei), a large state-owned enterprise group.[33]
- In China, state-owned enterprises represent a majority in the following raw material industries: mining and washing of coal (88 percent), mining and processing of ferrous metal ores (60 percent), mining and processing of non-ferrous metal ores (67 percent), support activities for mining (97 percent), smelting and processing of ferrous metals (72 percent), smelting and processing of non-ferrous metals (61 percent), manufacturing of raw chemical materials and chemical products (52 percent), and production and supply of glass (87 percent).[34]
- The linkage of many of these state-owned enterprises to the steel and iron ore mining industries is no accident. As explained in more detail below, to lessen its dependence on Australian iron ore, China has encouraged mining of its domestic iron ore even though these mineral deposits are far less efficient to mine than iron ore in Australia, much like petroleum resources are far less costly to recover in the Kingdom of Saudi Arabia than oil sands in parts of Canada. The need for greater self-sufficiency in iron ore was demonstrated in 2020 when coercive Chinese trade and diplomatic actions against Australia threatened Chinese access to Australian iron ore.[35] In China, a significant portion of its domestic ilmenite is produced as a co-product of iron ore mining, and subsidization of iron ore mining directly supports the TiO_2 industry. Without subsidization of that mining activity, Chinese TiO_2 companies would be forced to compete on the global market for ilmenite as mining of ilmenite in China is not economical but for subsidization of iron ore mining.

As set out above, in accordance with Chinese state policy, the Government of China controls and coordinates the commercial strategy of the companies involved in TiO_2 production.

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[32] Exhibit B-3.14: Ansteel website, Company Profile.
[33] Exhibit B-3.15: Lubei Website, Company Profile; Exhibit B-3.16: Lubei Website, "Shandong Jinhai Titanium Industry Resources Technology Co., Ltd.".
[34] Exhibit B-3.17: Commission Saff Working Document on Significant Distortions in the Economy of the People's Republic of China for the Purposes of Trade Defence Investigations, SWD (2024) 91 final, p. 354
[35] Exhibit B-3.18: Royal United Services Institute, Australia's Answer to China's Coercive Challenge (18 August 2021)

Fourth, the titanium sector in China is severely distorted, in particular in the light of information and data contained in the People's Republic of China's 13th Five-Year Plan for National Economic and Social Development ("13th FYP").[36] As TiO_2 is a compound composed of titanium and oxygen, the TiO_2 sector in China is affected by significant distortions just as much as the titanium sector.

China's 14th Five-Year Plan for National Economic and Social Development maintains and strengthens these significant distortions in the TiO_2 sector in China. As explained in the 2024 Shanghai International TiO_2 Exhibition website, the priorities to be taken by the Chinese TiO_2 industry under the 14th FYP are as follows:

- Breaking through the chloride process and optimise the product structure to enter the international market: The TiO_2 industry should accelerate its transition from a traditional industry to an advanced manufacturing industry and optimise the product structure of chloride and sulfuric acid production processes. In addition, with the wave of Chinese TiO_2 reconstruction and expansion, supply may exceed demand which triggers Chinese producers to expand on international markets;
- Coexistence of two production processes and optimization: The 14th FYP requires producers to actively promote industrial upgrading, optimize the product structure of chloride and sulfuric acid; increase investment in scientific research and technological transformation, and continue to improve the overall competitiveness of the product market. Although a big push should be made for the chloride process, it is nevertheless expected that the sulphate process will not be eliminated immediately and that it will thus coexist together even during the 15th FYP.
- Emphasise on greening the sulphate process and push on the chloride process development: Because the sulphate process has many disadvantages, it is necessary to make breakthroughs in the chloride process, promote the structural reform of the supply side of the industry, promote the healthy development of the Chinese titanium industry chain, and effectively improve the technological and industrial innovation capabilities. In order to promote industrial upgrading and make the industry reach the level of advanced manufacturing in an all-round way, it is necessary to introduce and use advanced technology and equipment.
- New production capacity unlikely to be used which encourages export opportunities: During the 13th FYP, the Chinese capacity has massively increased. Chinese producers have finally started to implement the chloride process. It is expected that Chinese TiO_2 expansion projects will add 1.96 million tons/year of new production capacity, of which more than 400,000 tons/year will be produced by the chloride method. Such a large new production capacity cannot be absorbed on the Chinese domestic market, which incentivises the Chinese producers to export their materials.[37]

Fifth, the Chinese government implements public policies and measures discriminating in favour of domestic suppliers or otherwise influencing free market

[36] Exhibit B-3.19: Circular of the State Council on Issuing the13th National Five-Year Plan for the Development of Strategic Emerging Industries, 28 November 2016
[37] Exhibit B-3.20: 2024 Shanghai International Titanium Dioxide Exhibition.

forces. The central objective of the 1st Chinese FYP (1953-1957) was the nationalization and rapid development of the industrial sector. Today, the 14th FYP (2021-2025) expounds on China's strategic intentions, specifies the government's priorities, and regulates the behaviour of market entities.

The TiO_2 industry is regarded as a strategic industry by the Government of China. One of the key objectives of the 13th FYP was already to promote breakthrough developments in high-end equipment and new materials industries to lead a new leap forward in Chinese manufacturing, including the promotion of the use of rare earth and the development of low-grade titanium slag optimization.[38]

During the 14th FYP, the TiO_2 industry has been committed to accelerate the transition from the production of TiO_2 through the sulfate process to the chloride process and to find export opportunities to sell their products. As indicated on Nanjing Titanium Dioxide Chemical Co's website, the employees were invited to watch the 20th National Congress of the CCP presented by Xi Jinping, and the company stated that it "will conscientiously implement the spirit of the 20th National Congress of the Communist Party of China, quickly set off an upsurge of learning the spirit of the 20th National Congress throughout the company, deeply understand the essence, strengthen political leadership, lay a solid ideological foundation for the company's various tasks, and innovate for the group Development brings together majestic forces."[39]

Importantly, Chinese producers benefit from special access to raw materials. Although China does not officially prohibit exports of titanium-related goods, according to the Catalogue of Goods Subject to Export License Management (2023) and the announcement issued by China's Ministry of Commerce and China's General Administration of Customs, exporters must obtain an export license from the Ministry of Commerce or the authorized local department to export certain titanium goods (titanium white) (code 320611 10 00), unworked titanium sponge (8108 20 21 00), other unworked titanium (8108 20 21 00), titanium powder (code 8108 20 30 00), titanium scrap and waste (code 8108 30 00 00), and ferro-titanium and ferro-silicon-titanium (7202 91 00 00).[40] In this respect, the Chinese Ministry of Commerce may restrict or forbid the export of goods if it is necessary for the purpose of maintaining state security, social public good, or public morality, if the goods in question are in short supply or subject to effective protection, if the destination country or region has limited market capacity, or under any other circumstances under any international treaty China has concluded. Therefore, this export license system, in practice, operates as an export restraint in order to ensure that the domestic Chinese TiO_2 industry can benefit from a preferential and cheap access to raw materials.[41]

Accordingly, the Government of China implements policies that operators must follow, thus impeding market forces from operating freely and creating significant distortions in the TiO_2 sector.

Sixth, China applies bankruptcy, corporate, or property laws on a discriminatory basis and has inadequate enforcement generally in all economic sectors, including TiO_2.

[38] Exhibit B-3.19: Circular of the State Council on Issuing the13th National Five-Year Plan for the Development of Strategic Emerging Industries, 28 November 2016.
[39] Exhibit B-3.21: GPRO Website, "The company's party committee organized to watch the report of General Secretary Xi Jinping's 20th National Congress", 8 November 2022.
[40] Exhibit B-3.22: Catalogue of Goods Subject to Export License Management (2023) (Non-Official English and Chinese).
[41] Exhibit B-3.22: Catalogue of Goods Subject to Export License Management (2023) (Non-Official English and Chinese).

The Government of China plays an important role in the insolvency proceedings and often has direct influence on the outcome through various means. For instance, the Chinese People's Court is subordinated to the Chinese government. The latter has to give prior approval for the court to decide on whether to accept or reject the applications of listed companies in practice

Many insolvent firms end up with restructuring plans and are rarely delisted. This translates into state-owned enterprises benefiting from *de facto* governmental guarantees. Due to the absence of normal market mechanisms such as effective and transparent bankruptcy procedures, the Chinese financial system remains highly distorted.[42]

With regard to property laws in China, the general rule is that all land is owned by the State – thus the allocation of land is solely dependent on the Government of China. In addition, the rules on land provision and acquisition in China are often unclear and non-transparent, and the prices are often set by the authorities based on non-market considerations.[43]

Moreover, there is no evidence readily available showing that the TiO_2 sector is shielded from this treatment under bankruptcy, corporate, or property laws in China or the corresponding market distortions flowing from such treatment.

Seventh, the European Commission, in its 2024 working document on Significant Distortions in the Economic of the People's Republic of China, identified titanium dioxide as one of the main manufacturing focuses of major chemical producing provinces, such as Shandong, Jiangsu, Zheijian, Sichuan, and Hubei.[44]

Moreover, in light of the discussion above, given the general and substantial government intervention in economic operations and company decision-making and the resulting distortion of market conditions, the factors of production used to calculate Normal Value in the TiO_2 sector do not reflect market forces and cannot be credibly referenced for the purposes of international comparison.

B. Access to Capital and Grants

Large TiO_2 producers receive significant government grants and subsidies that render the final selling price of the producers of the subject goods inappropriate for the purposes of determining the normal value. It is noted that even if a subsidy is received prior to the investigation period, the lasting benefits and effects may continue during the investigation period.

Lomon Billions, the third largest TiO_2 producer in the world and the largest producer in Asia and China,[45] consistently received government subsidies, including direct grants specific to TiO_2 production. Tronox has identified the following evidence to support such allegation:

- Between 2018 and 2023, Lomon Billions disclosed in its stock exchange filings

[42] Exhibit B-3.23: Markus Taube and Christian Schmidkonz, Assessment of the Normative and Policy Framework Governing the Chinese Economy and Its Impact on International Competition, Final Extended Report for AEGIS Europe (Think!Desk China Research & Consulting, August 13, 2015).
[43] Exhibit B-3.17: Commission Saff Working Document on Significant Distortions in the Economy of the People's Republic of China for the Purposes of Trade Defence Investigations, (April 10, 2024), at 255-256.
[44] Exhibit B-3.17: Commission Saff Working Document on Significant Distortions in the Economy of the People's Republic of China for the Purposes of Trade Defence Investigations, (April 10, 2024), at 461.
[45] Exhibit B-3.24: Lomon Billions - Crunchbase Company Profile & Funding.

the receipt of approximately US$ 94 million of government subsidies.[46] The grants affect different sectors including TiO_2 production.

- The Lomon Billions 2023 annual report includes a long list of government grants spanning fourteen pages of the company's report.[47] The report also includes government subsidies that are TiO_2-specific.[48]
- Other large producers in China also received government grants. For instance, CNNC Hua Yuan Titanium Dioxide Co., Ltd ("CNNC"), China's second largest TiO_2 producer, received US$16 million of government subsidies in 2023.[49]

These grants, and likely others that have not been disclosed, provided a significant and material benefit to the major Chinese TiO_2 producers and distorted the price and costs of the subject goods.

C. Further Subsidies Granted to TiO_2 Producers Located in Development Zones

Large Chinese producers of TiO_2, such as CHTi, receive additional governmental subsidies because they are located in development zones. China's National Economic and Technological Development Zones ("NETDZs") are key components of China's economic development strategy. These zones, established by the Chinese government, aim to attract domestic and foreign investment, promote technological innovation, facilitate industrial upgrading, and drive regional economic growth. Government support in the form of subsidies is a critical tool used to achieve these objectives within NETDZs.[50] Government support and subsidies are typically granted within these zones in the following manner:

- *Financial Assistance* - The government provides direct financial assistance to businesses within NETDZs through various subsidy programs. These subsidies may include grants, low interest loans, or financial incentives for specific investment projects, such as infrastructure development, technology upgrading, or environmental protection initiatives. Subsidies are often targeted towards priority industries or sectors identified in the government's development plans.
- *Tax Incentives* - NETDZs offer a range of tax incentives to attract investment and stimulate economic activity. These incentives may include preferential tax rates, tax holidays, exemptions or reductions on corporate income tax, value-added tax ("VAT"), and customs duties. Tax incentives can significantly reduce the operating costs for businesses operating within NETDZs, making them

[46] Exhibit B-3.25: China: Government subsidy changes for listed company Lomon Billions Group Co., Ltd. in year 2023 (showing US$ 15 million in 2023). Exhibit B-3.26: China: Government subsidy changes for listed company Lomon Billions Group Co., Ltd. in year 2022 (showing US$ 19 million in 2022). Exhibit B-3.27: China: Government subsidy changes for listed company Lomon Billions Group Co., Ltd. in year 2021 (showing US$ 17 million in 2021). Exhibit B-3.28: China: Government subsidy changes for listed company Lomon Billions Group Co., Ltd. in year 2020 (showing US$ 17 million in 2020). Exhibit B-3.29: China: Government subsidy changes for listed company Lomon Billions Group Co., Ltd. in year 2019 (showing US$ 13 million in 2019). Exhibit B-3.30: Government subsidy changes for listed company Lomon Billions Group Co., Ltd. in year 2018 (showing US$ 13 million in 2018).
[47] Exhibit B-3.9: LB Group 2023 Annual Report, pages 390-404.
[48] Exhibit B-3.9: LB Group 2023 Annual Report, pages 390-404.
[49] Exhibit B-3.31: China: Government subsidies for listed company Cnnc Hua Yuan Titanium Dioxide Co.,Ltd in year 2023
[50] Exhibit B-3.32: MOFCOM's website dedicated to attracting companies to development zones explains the numerous benefits that companies receive after installing their plants in these Zones. The webpage listing the encouraged industries expressly lists "Fine chemistry industry: new products and technology for catalytic agent, auxiliary and pigment; processing technology for the commercialization of dye (pigment)" and "Production of chloridized titanium white".

more competitive compared to enterprises located outside these zones.[51] The AmCham Shanghai website provides further information on local tax benefits for several development zones.[52]

- *Land Use Policies* - Government support within NETDZs often includes favorable land use policies to facilitate investment and development. This may involve providing land at subsidized rates, offering long term leases, or simplifying land acquisition procedures for businesses locating within the zones. Access to affordable land is crucial for attracting investment and encouraging the establishment of manufacturing facilities and industrial parks within NETDZs.
- *Infrastructure Development* - The government invests in infrastructure development within NETDZs to create a conducive environment for business operations. This includes building transportation networks, utilities, telecommunications facilities, and other essential infrastructure. Government subsidies are used to fund infrastructure projects and ensure that NETDZs have the necessary physical infrastructure to support economic activities and attract investors.
- *Technology and Innovation Support* - Government support within NETDZs also focuses on promoting technology transfer, innovation, and research and development ("R&D") activities. Subsidies may be provided to support R&D projects, technology commercialization initiatives, and collaboration between businesses, universities, and research institutions.
- *Export Promotion* - Government support within NETDZs includes measures to promote exports and facilitate international trade. Subsidies may be granted to export-oriented enterprises to offset export related costs, such as logistics expenses, customs duties, and marketing activities. Additionally, government support may include assistance with export documentation, trade financing, and market access facilitation to help businesses within NETDZs expand their presence in global markets.

D. Credit Risk

The Lomon Billions 2021 annual report includes direct evidence of credit support to the company. The examples below highlight some of the TiO_2-specific support:

- "Interest subsidy for post-disaster recovery and reconstruction loan of the project concerning improving output of titanium dioxide 'from 80,000 tons to 140,000 tons'"[53]; and
- "Subsidies for loan with discounted interest for the site selection and technological transformation project (special subsidies for loan with discounted interest for the expansion project with an annual output of 3 million tons)"[54].

Evidence from other industrial entities also shows that loans by state-owned banks are provided to companies regardless of risk. For instance, in the 2021 Aluminum

[51] Exhibit B-3.33: The webpage on "Tax Policy" on MOFCOM's development zones website clarifies that, apart from all the tax benefits provided by the central government to these development zones, the local governments also provide specific tax benefits.
[52] Exhibit B-3.34: AmCham – Shanghai – Industrial Parks
[53] Exhibit B-3.35: LB Group 2021 Annual Report, pages 318.
[54] Exhibit B-3.35: LB Group 2021 Annual Report, page 319.

Corporation of China, the company stated that "[t]he Group maintains substantially all of its bank balances and cash and short-term investments in several major state-owned banks in the PRC. *With strong support from the PRC government to these state-owned banks, the directors of the Company are of the opinion that there is no significant credit risk on such assets being exposed to losses.*"[55]

The ability to limit or eliminate credit risk and secure loans through state-owned banks distorts the costs and prices of the subject goods.

E. Major Distortions in Critical Cost Areas

Tronox has also identified a PMS in three specific cost areas (a) energy, (b) titanium-bearing ores, and (c) sulfuric acid.

1. Energy

Energy costs in the form of electricity and gas constitute approximately [redacted]% of the cost of production.[56] The UK investigation authority in *Investigation Into Alleged Dumping of Aluminium Extrusions From the People's Republic of China* determined that "[e]nergy is subject to price-setting or guided by local governments."[57] It concluded that a PMS existed with respect to the cost of energy.

2. Titanium-bearing ores

The cost of titanium-bearing ores constitutes approximately [redacted]% of the cost of production.[58] Distortions in the costs of these raw materials in the Chinese TiO_2 sector exist due to several types of government interference: (a) cross-subsidization from iron ore mining, (b) low ilmenite prices in China, (c) VAT refund withdrawal, (d) domestic market obligations, (e) captive mining applicable to ilmenites (i.e., the main raw material for the TiO_2 production) in China, and (f) discriminatory waste disposal policies.

a. Cross-subsidization from iron ore mining significantly distorts and lowers the costs of feedstocks for Chinese TiO_2 producers

China is the only country in the world that produces significant quantities of ilmenite as a co-product of iron ore mining. Most countries recover ilmenite from heavy mineral sands which are dug up in so-called beach sand mines. Beach sand mining is far more efficient than the type of "hard rock" mining practiced in China where significant costs are incurred to recover the ilmenite from the hard rock, versus the far less costly practice of separating and concentrating mineral sands to recover ilmenite. The only reason that China is able to mine ilmenite in this way is due to the subsidization of iron ore mining in China. Increasing self-sufficiency in iron is a national priority for China given its dependence on Australian and Brazilian iron ore, particularly following 2020 trade and diplomatic friction between Australia and China in which Australia threatened to cut-off China's access to iron ore.[59]

Many of the state-owned producers of Chinese ilmenite are also iron ore miners and steel producers. Angang (predecessor to Pangang Group Vanadium Titanium & Resources) is a subsidiary of the former parent company Pansteel (Pangang Group

[55] Exhibit B-3.36: Aluminum Corporation of China Limited 2021 Annual Report, page 362.
[56] Cost Allocations Based on Tronox Related Entity in China.
[57] Exhibit B-3.37: Case AD0012, Final Determination, Investigation into alleged dumping of aluminium extrusions from the People's Republic of China, Section F2. Attachment 14OO.
[58] Cost Allocations Based on Tronox Related Entity in China.
[59] Exhibit B-3.38: Lowy Institute, Chinese Coercion, Australian Resilience.

Company Limited) and is engaged in both iron ore mining and the production, processing, and sale of titanium products, including TiO_2. In May 2010, Pangang Group Co., Ltd. merged with Anshan Iron and Steel Group Corporation to become Ansteel, "a large state-owned enterprise directly under the central government."[60]

Ansteel is an integrated company, which "implements the 'Dual-Core' strategy of 'steel + mining' with nine production bases in northeast, southwest, southeast, and south China that produce … 500,000 tons of titanium products … Ansteel is … China's largest titanium raw material production base."[61]

China National BlueStar (Group) Co. (BlueStar), a large-scale enterprise with important market shares in the production of TiO_2 and ilmenite, is part of Sinochem Holdings Corporation Ltd. (or Sinochem), a large state-owned enterprise group. Sinochem operates iron ore mines. BlueStar is also "a subsidiary of China National Chemical Corporation [(ChemChina)]".[62] ChemChina is owned by Sinochem Holdings Co., Ltd., which is a state-owned enterprise financed and owned by the central government.[63]

b. Chinese ilmenites prices are below those of representative international markets

As a preliminary note, Tronox notes that Chinese ilmenites prices are below those of representative international markets. For instance, the average price of titanium ore showed a downward trend with prices dropping by 13.3% through the second quarter of 2023, from US$309 at the beginning of the quarter to US$270 by the end June.[64] By contrast, the global average titanium ore and concentrate import price stood at $531 per ton in 2022.[65]

Tronox also notes that the distortions in the titanium ore sector in China together with the high government control in the entire value chain have resulted in a situation according to which China has the **largest ilmenite reserves in the world but only exports a marginal volume of ilmenites outside China**, as shown in the table below:[66]

In tonnes	2019	2020	2021	2022
Titanium ores reserves – China	230,000,000	230,000,000	230,000,000	190,000,000
Titanium ores production – China	2,300,000	2,800,000	3,400,000	3,400,000
Titanium ores total exports – China	25,311	25,846	34,699	22,163

In reaching its conclusion on the comparatively low ilmenites prices in China, Tronox has taken into consideration the following factors:

- First, because vertically integrated TiO_2 producers having strong links with the Chinese government, titanium ore first serves their internal consumption for TiO_2 production. The remaining titanium ore is placed on the Chinese market at prices much higher than the internal prices used by those vertically integrated TiO_2 producers. Indeed, those large producers have a "pricing

[60] Exhibit B-3.14: Ansteel website, Company Profile.
[61] Exhibit B-3.39: Ansteel Sustainability Report 2022.
[62] Exhibit B-3.13: Sulphuric Acid on the Web, "China National BlueStar (Group) Co., Ltd.", 30 May 2009.
[63] Exhibit B-3.40: Sinochem Holding, Overview
[64] Exhibit B-3.41: China Titanium Dioxide Market Report for the Second Quarter of 2023.
[65] Exhibit B-3.42: Overview of the Global Market for Titanium Ores and Concentrates.
[66] Exhibit B-3.43: US Geographical Survey Mineral Commodities 2020-2023 and TradeMap.

power" as "*the circulation volume of ilmenite concentrate is small […].*[67] *and "large manufacturers in the Panxi area control the circulation of titanium concentrate in the market […] and indirectly control the price in the Panxi area*".

- The difference in the cost of ilmenites for vertically and non-vertically integrated TiO_2 producers has been quantified in a report from Xueqiu dated 5 June 2023 which detailed the cost structure of the Chinese TiO_2 producers: as shown in this report, the material cost of Longbai Group and Jinpu Titanium Industry – which are vertically integrated – for the TiO_2 production approximately amounts to 8,225 RMB/tonne and 8,610 RMB/tonne respectively, while Guangdong Huiyun Titanium Industry – a company which is, to the best of the Tronox's knowledge, not vertically integrated – has a material cost around 11,551 RMB/tonne, i.e. a price difference of 34 - 40%.[68]
- Second, titanium ore refers to ilmenite concentrate, which is ilmenite containing less impurities after mineral processing. There are many different types of ilmenite concentrate ranges for TiO_2 production (generally from 40% to 52%) which have very different prices. Therefore, any comparison requires to have identical ilmenite concentrates ranges on international markets and on the Chinese market.
- Third, the low prices of titanium in China also appears to be the result of government grants to the raw titanium producers. For instance, Tronox was able to find publicly available evidence showing that in 2009 and 2010 (the most recently reported period), Pangang Group Vanadium & Titanium Resources Co., Ltd., a major producer of titanium ore disclosed in its stock exchange filings the receipt of approximately US$61 and US$46 million of government subsidies.

In addition, a recent report dated 7 July 2023 indicates that "*in the past five years, the price of titanium ore has generally fluctuated upward. From 2018 to 2023, the prices of domestic titanium ore, imported titanium ore and rutile all showed an overall upward trend, and the average price of domestic titanium ore rose from about 1000 yuan / ton to about 2000 yuan/ton {139-278 USD/tonne} {and} the price of imported titanium ore rose from about $200/ton to about $400 / ton {…}*", showing that the Chinese domestic prices of titanium ores increased less than the international price of ilmenite.[69]

c. VAT refund withdrawal

With respect to VAT refunds, Tronox notes that normally Chinese exporters can claim VAT refund when their products are exported outside China. However, for certain products, there are no VAT refunds in China.[70] In particular, ilmenites – registered under HS code 261400 – is exempted from VAT export refund. Accordingly, ilmenite exported outside China cannot benefit from VAT export refund.[71]

[67] Exhibit B-3.44: Vzkoo website -Analysis of titanium resource reserves.
[68] Exhibit B-3.45: Xueqiu, Basic chemical industry titanium dioxide.
[69] Exhibit B-3.46: Guosen Securities July 2023.
[70] Exhibit B-3.5: Commission Implementing Regulations (EU) 2023/2120 of 12 October 2023 Imposing a Provisional Anti-Dumping Duty on Imports of Electrolytic Manganese Dioxides Originating in the People's Republic of China, recital 5.
[71] Exhibit B-3.47: Chinese State Taxation website.

According to the OECD, VAT export refund withdrawal qualifies as an export restriction on industrial raw materials:

> *Most countries with a VAT system will rebate the VAT on exports. By denying VAT reimbursement in whole or part, it is relatively less advantageous to export a product than to sell it domestically. This measure is usually used to encourage downstream production of products produced locally that use the raw material input. A variant is the removal or reduction of rebate from other sales taxes on exports of a product.*[72]

d. Captive mining and domestic market obligations

Tronox has also identified raw material distortions related to captive mining and domestic market obligations. According to the OECD, captive mining refers to a situation where

> *a processing company is required to own the mine, produces its inputs or has been awarded captive mining rights with the intent that the company will mine the commodity for use in its own domestic processes and not trade it. Captive mining is a form of government support for firms with access to captive supplies, as well as a means to control the price and availability of a commodity. When captive mining concessions increase (as a share of production), exports are likely to fall.*[73]

Domestic market obligations refer to a situation where a producer is required to "*allocate a proportion of their annual production output for sale to the domestic market. Domestic market obligations are sometimes part of production sharing contracts or contracts allowing extraction by foreign firms*."[74]

Tronox has reasons to consider that both captive mining and domestic market obligations exist in the titanium ore sector in China. To illustrate, most of the domestic titanium ore companies are located in the Panxi region of Sichuan, and this is a highly concentrated market. The production of titanium ores in China is mainly allocated among four companies: Panzhihua Iron and Steel Vanadium Titanium, Longbai Group, Anning Co., Ltd., and Chongqing Iron and Steel Xichang.[75] The titanium ore production of these four companies accounts for a large part of the domestic titanium ore production in China. Most of them are involved in the TiO_2 production, which means that they have captive titanium ores mines that are dedicated first to their TiO_2 production.

Pangang, one of the largest Chinese TiO_2 producers, is also a titanium concentrates company, and its products are therefore mainly for self-use. LB Group, the largest TiO_2 producer, holds two of the largest companies of ilmenite production: Lomon Mining and Metallurgy and Sichuan Anning Iron and Titanium Co., Ltd. When LB Group announced its intention to purchase Anning Co., the Marketing Director of LB Group stated:

> *Anning produces around 480,000 tons of ilmenite and 2.3 metric tons of iron ore concentrate a year. The acquisition is intended to enable Lomon Billions to produce sufficient ilmenite from the combination of*

[72] Exhibit B-3.48: OECD methodology on export restrictions on industrial raw materials, at 6
[73] Exhibit B-3.48: OECD methodology on export restrictions on industrial raw materials, page 7.
[74] Exhibit B-3.48: OECD methodology on export restrictions on industrial raw materials, page 6.
[75] Exhibit B-3.46: Guosen Securities July 2023.

Anning and its existing ilmenite operations in Panzhihua to satisfy essentially all its sulfate pigment feedstock requirements.[76]

Accordingly, the titanium ore in China is dedicated to the TiO_2 production through captive mines owned by the largest, vertically integrated TiO_2 producers, which have direct links with the Chinese government.

e. Waste disposal

At the national, provincial, and local levels, the Chinese government provides highly preferential, distorted, and non-market access to waste disposal, which enables Chinese TiO_2 producers to dispose of high volumes of waste from the production of TiO_2 at low or insignificant costs. The significant distortions are evidenced in the actual waste disposal fees and associated permits and licenses and in the avoidance of enormous capital, replacement, labor, and logistics costs required to meet waste disposal requirements in all other jurisdictions outside China. These differences are significant and undermine any fair comparison of costs and prices in China versus outside China. For example, [Tronox's cost for waste disposal for its Chinese facility is approximately $40,000 per year under a 30-year license for unlimited landfill disposal. By contrast, waste disposal costs at Tronox's other facilities outside China are tens of millions of USD per year. Tronox understands that similar significant differences exist among other Chinese and non-Chinese TiO_2 producers. In addition to these direct waste disposal costs, TiO_2 producers outside China will incur significant additional capital and labor costs to install, operate, maintain, and replace waste reduction equipment necessary to meet applicable requirements or to mitigate the volume of waste subject to high direct waste disposal fees.

3. Sulfuric acid

Sulfuric acid constitutes approximately [redacted]% of the cost of production.[77] Tronox notes that "China already subsidises carbothermal reduction of gypsum to produce sulfuric acid directly in integrated industrial eco-parks with co-located acid-using industries … but at the environmental cost of large CO_2 emissions.[78]

In sum, because the domestic selling prices in China of the producers of the subject goods are artificially low, reflect non-commercial factors, and otherwise are fundamentally distorted by various factors detailed above[79], the Commission should find that a PMS exists in the Chinese market for TiO_2 for purposes of initiating this anti-dumping investigation and a corresponding PMS investigation.

IV. DUE TO THE PARTICULAR MARKET SITUATION IN THE CHINESE TiO_2 MARKET, DOMESTIC SALES IN CHINA DO NOT PERMIT A PROPER COMPARISON OF DOMESTIC PRICES AND EXPORT PRICES

As noted above, after determining that there is a PMS in the domestic market of the exporting country, the Commission should then assess whether, because of the

[76] Exhibit B-3.49: Lomon Billions Announces Intention to Purchase Ilmenite and Iron Concentrate Producer Sichuan Anning Iron and Titanium Co., Ltd.
[77] Cost Allocations Based on Tronox Related Entity in China.
[78] Exhibit B-3.50: Sulfur: A potential resource crisis that could stifle green technology and threaten food security as the world decarbonizes.
[79] Exhibit B-3.17: Additional information on the PMS in the Chinese market is available in the European Commission (EC) Working Document on Significant Distortions in the Chinese Economy. See also Exhibit B-3.37: the final determinations and statements of essential facts in the UK anti-dumping investigations regarding Optical Fibre Cables. See also Exhibit B-3.51: Final determinations and statements of essential facts in the UK anti-dumping investigations regarding Aluminium Extrusions.

PMS, the domestic sales of the individual exporters do not "permit a proper comparison" of the domestic prices and export prices.[80]

In making such assessment, Tronox re-emphasises the following guidance from the WTO Panels and the assessments of other investigative authorities:

- First, the assessment involves conducting a qualitative comparison of the domestic and export prices, and a purely numerical comparison may not be sufficient to reveal whether domestic prices can properly be compared to export prices.[81] In this allegation, the necessary and often proprietary data for this comparison are predominantly controlled by the foreign respondents and are not available to Tronox. Tronox provides its comparison analysis below based on information reasonably available to it.
- Second, without prejudice to other factors, Tronox contends that two conclusions from the Panel in *Australia-Paper* are very significant in this investigation given that the PMS factors could potentially have impact on both domestic and export sales of the PUC (and/or its inputs). In particular, the following conclusions are of relevance in this investigation:
    - "{H}ow domestic prices and export prices of an individual exporter {footnote omitted} are *affected notwithstanding an equal decrease in input costs is likely to depend significantly upon a number of factors, including {(i)} the prevailing conditions of competition in each market and {(ii)} the existing relationship between price and cost{.}*"[82]
    - The Panel was "not persuaded that a low-priced input used identically to produce merchandise for domestic and export markets will necessarily have the same effect on domestic prices and export prices and therefore necessarily permit a proper comparison."[83], and
    - A determination of "particular market situation" based on the existence of low input prices, on a factual finding concerning a situation that allegedly did not exclusively affect domestic sales, or on certain government policies affecting the input sector does not render the determination inconsistent with Article 2.2 of the AD Agreement.[84]

Tronox contends that, based on the WTO jurisprudence, it has satisfied the second element of the PMS test, primarily because (i) it has located evidence from PUC producers indicating differing pricing practices for international sales, (ii) the prevailing market conditions in the Chinese market, in contrast to the Australian market, are completely different, (ii) and the relationship between price and cost of the goods subject of the application further supports the divergence in the market conditions between China and Australia.

A. PUC Producers Undertake Differing Pricing Practices for International Sales

Tronox includes a price increase announcement by one TiO_2 producer announcing a price increase targeting only international sales. Tronox believes that such evidence

[80] Exhibit B-3.1: *Australia-Paper* at para. 7.91.
[81] Exhibit B-3.1: *Australia-Paper* at para. 7.75.
[82] Exhibit B-3.1: *Australia-Paper* at para. 7.80.
[83] Exhibit B-3.1: *Australia-Paper* at para. 7.80 and 7.81.
[84] Exhibit B-3.1: *Australia-Paper* at paras. 7.32, 7.40, 7.56, and 7.57

demonstrates that the domestic sales of the individual exporters do not "permit a proper comparison" of the domestic prices and export prices.[85]

B. The Prevailing Conditions of Competition Differ Between the Australian TiO_2 Market (i.e., the Chinese Export Market) and the Domestic TiO_2 Market in China

Even without the evidence of diverging practices between domestic and international sales, Tronox contends that the prevailing conditions of competition differ between the Australian TiO_2 market (i.e., the Chinese export market) and the domestic TiO_2 market in China, because of the PMS which causes significant and systemic market distortions in China affecting the TiO_2 market. These distortions prevent a proper comparison due to the domestic prices not being reflective of market conditions, while the export prices are affected by the market conditions within Australia. The distortions include:

- Pervasive government influence, which distorts costs and prices in the Chinese TiO_2 market and lowers the risk of commercial failures or bankruptcies, among other things;
- Distorted access and government support for capital, loans, grants, and other subsidies, which lowers costs for Chinese TiO_2 producers and lowers the financial risks of operations and sales;
- Distorted and discounted access to energy and sulfuric acid; and
- Distorted access, lower costs, and lower risks applicable to Chinese producers' supply of titanium-bearing ores and associated waste disposal.

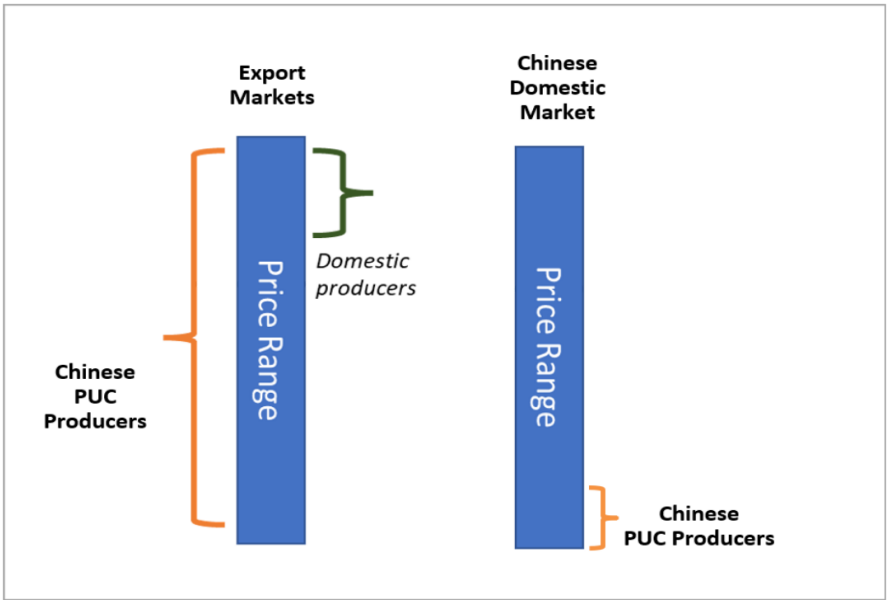
Market conditions in China. The Chinese TiO_2 market is characterized by an exponential increase in capacity and excess capacity over domestic consumption.[86] In other words, the PMS distortions in the Chinese market identified above have facilitated massive capacity increases that far exceed domestic demand. Because of the PMS in China, market forces do not discipline this exponential growth in capacity and consequent excess capacity through shutdowns or bankruptcies. Moreover, given the high capital-intensive nature of the industry, every Chinese producer is highly incentivized to operate all of its increasing capacity at high-capacity utilization levels in order to lower costs, resulting in even higher TiO_2 production levels. As a result, massive domestic production has largely forced imports out of the Chinese market, and Chinese exports of TiO_2 have grown exponentially.

Accordingly, in the Chinese market, the PMS facilitates more producers to install more and more capacity and produce higher and higher production volumes. Because of the PMS, Chinese producers benefit from lower costs and protection from bankruptcy and other negative consequences of such distorted supply and demand conditions in the Chinese market, which enables them to compete aggressively among one another in their home market with artificially lower prices.

Moreover, because almost all the TiO_2 supply in China is domestic and producers have access to many of the same (or equivalent) low-priced inputs and subsidies (as mentioned in the sections above), producers can make a profit both through

[85] Exhibit B-3.52: LB Group Co., Ltd, Price Announcement (6 December 2023).
[86] Exhibit B-3.53: Paint & Coating Industry, Over-Capacity and Tariffs Weigh Heavily on the Chinese TiO_2 Industry.

domestically sold products and exports. When competing domestically, and given the overcapacity in the market, the price range is (i) significantly narrow, and (ii) artificially low. By contrast, when competing internationally, these reduced prices allow Chinese producers to easily vary their price range, gaining market share abroad in markets where competitors do not benefit from an artificially low cost base. The graphic below illustrates the difference between the prices in the domestic market and export markets.



Export Market. By contrast, in Australia, the conditions of competition are fundamentally different. Tronox is the only producer of TiO_2, and imports have consistently captured [redacted] to [redacted] percent of demand in the Australian market. The market share for imports from China has increased from around [redacted] percent of the market in 2022 to [redacted] percent during the period of investigation, which displaced Tronox's market share (dropping from [redacted]% in 2022 to only [redacted] % during the period of investigation). Moreover, imports from China are the price leader as shown in the sections in the petition regarding pricing undercutting. Thus, because of the PMS, Tronox and third country producers are unable to match Chinese producers' low prices, and Chinese producers are able to push their excess capacity into the Australian market (and other markets around the world) and capture increasing market share.

As demonstrated above, the PMS distortions and other impacts in the Chinese TiO_2 market cause significant differences in the conditions of competition in the Chinese market as compared to the Australia market. These conditions result in a lower level of competitive pricing in China versus Australia, which cause a fundamentally different relationship between price and costs in each market. A recent price announcement by the largest Chinese producer highlighted the difference in the respective Chinese and export markets, as the announcement is only seeking a price increase in "overseas markets."[87] As a result, the PMS has a materially different effect on Chinese TiO_2 domestic and export prices, and absent such PMS in China,

[87] Exhibit B-3.52: LB Group Co., Ltd, Price Announcement (6 December 2023).

the level of competitive domestic pricing would be significantly higher and would lead to a much higher normal value.

C. The Relationship Between the Price and Cost Strengthens the Distortive Effects of the PMS

First, as mentioned above, the cost of titanium-bearing ores constitutes approximately 44 percent of the cost of production. As such, distortions in the titanium-bearing ores (including the reduced input prices benefiting vertically integrated producers) constitute a significant proportion of the total product price. Second, distortions are present in other significant price components (e.g., energy, waste disposal, sulfuric acid), further compounding the issue of artificial pricing of the PUC.

In conclusion, because a PMS exists in the Chinese TiO_2 market and because this PMS does not permit a proper comparison between domestic and export prices, Tronox requests that the Commission rely upon constructed normal value using costs of production reflecting undistorted benchmarks and using Brazil as an appropriate surrogate country. In any event, because certain necessary information to assess the PMS in China is held by Chinese interested parties, Tronox requests that Commission supplements the questionnaire sent to producers with relevant questions related to PMS.

V. CONCLUSION

As demonstrated at section A-10 of this application, the Chinese TiO_2 market is characterised by an exponential increase in capacity and excess capacity over domestic consumption. In other words, the PMS distortions in the Chinese market identified above have facilitated massive capacity increases that far exceed domestic demand. Because of the PMS in China, market forces do not discipline this exponential growth in capacity and consequent excess capacity through shutdowns or bankruptcies. Moreover, given the high capital-intensive nature of the industry, every Chinese producer is highly incentivised to operate all of its increasing capacity at high capacity utilisation levels in order to lower costs, resulting in even higher TiO_2 production levels. As a result, massive domestic production has largely forced imports out of the Chinese market, and Chinese exports of TiO_2 have grown exponentially.

By contrast, in Australia, the conditions of competition are fundamentally different. Tronox is the only producer of TiO_2, and imports have increased by almost [redacted]% since 2022, capturing approximately [redacted]% of demand in the Australian market, and displacing Tronox's market share which fell seven percentage points over the same period. Moreover, imports from China are the price leader as shown in the sections of this application dealing with pricing undercutting. Thus, because of the PMS, Tronox is unable to match Chinese producers' low prices, and Chinese producers are able to push their excess capacity into the Australian market (and other markets around the world) and capture increasing market share.

As demonstrated above, the PMS distortions and other impacts in the Chinese TiO_2 market cause significant differences in the conditions of competition in the Chinese market as compared to the Australian market. These conditions result in a lower level of competitive pricing in China versus Australia, which cause a fundamentally different relationship between price and costs in each market. As a result, the PMS

has a materially different effect on Chinese TiO_2 domestic and export prices, and absent such PMS in China, the level of competitive domestic pricing would be significantly higher and would lead to a much higher normal value.

In conclusion, because a PMS exists in the Chinese TiO_2 market and because this PMS does not permit a proper comparison between domestic and export prices, Tronox requests that the Commission rely upon constructed normal values which take account of competitive market costs of production reflecting undistorted benchmark prices. In any event, because certain necessary information to assess the PMS in China is held by Chinese interested parties, Tronox requests that the Commission initiate a PMS investigation and issue relevant questionnaires to these interested parties.

2. Specify the terms and conditions of the sale, where known.

Response: Not applicable.

3. Provide supporting documentary evidence.

Response: Not applicable.

4. List the names and contact details of other known sellers of like goods in the domestic market of the exporting country.

Response: Not applicable.

B-4 Estimate of normal value using another method

This section is not mandatory. It need only be completed where there is no reliable information available about selling prices in the exporter's domestic market. Other methods of calculating a normal value include:

- the cost to make the exported goods plus the selling and adminstration costs (as if they were sold in the exporter's domestic market) plus an amount for profit (if applicable);

OR

- the selling price of like goods from the country of export to a third country.

1. Indicate the normal value of the like goods in the country of export using another method (if applicable, use appendix B2 Constructed Normal Value).

Response: As outlined in Section B-3 above, due to a particular market situation in the Chinese domestic market, Tronox does not consider that domestic selling prices are suitable for establishing normal values under subsection 269TAC(1) of the Act.

In the absence of suitable domestic sales, Tronox has sought to construct normal values. Given the submitted evidence referenced in section B-3 demonstrating that key raw materials such as titanium-bearing ores are also impacted and distorted by Chinese Government interventions, Tronox has constructed normal values on the basis of costs that reasonably reflect competitive market costs in China.

Tronox has relied on information prepared by TZ Minerals International Pty Ltd ("TMZI"), an independent consulting and publishing company with technical and operational experience in the opaque mineral, metal and chemical sectors. TMZI publishes an annual TiO_2 Pigment Producers Comparative Cost & Profitability

Study[88], which evaluates the costs and profitability of numerous TiO_2 pigment plants worldwide.

Tronox has relied on the 2024 costs for the LB Group, given it is understood to hold the largest production capacity among Chinese manufacturers. Of the various plants operated by LB Group, normal values have been constructed on the basis of its Jiaozuo plant, given it possesses the largest production capacity of the LB Group's plants utilising the chloride manufacturing process.

The table below outlines TMZI's 2024 cost modelling for LB Group's Jiaozuo plant, providing a detailed breakdown of the various materials, utilities and fixed operating expenses.

[COST TABLE REDACTED]

As noted in section B-3 of this application, there is sufficient evidence to demonstrate that key raw material and energy costs are distorted and do not reasonably reflect competitive market costs. Therefore, in order to construct normal values on the basis of costs that do reasonably reflect competitive market costs incurred in China, an uplift has been applied to the feedstock price in the TMZI cost model to ensure it reflects a competitive market benchmark price for titanium ore.

Noting that the benchmark ought to reflect a competitive cost incurred in China, Tronox has relied on information published in LB Group's 2023 annual report[89] outlining the procurement patterns of its titanium ores (refer to extract below). The information reveals that LB Group procured approximately 12% of its titanium ore requirements (the remainder coming from its integrated operations), with approximately 60% of those purchases derived from imported sources.

Full Text of 2023 Annual Report of LB Group Co., Ltd.

Procurement patterns of main raw materials

Type of Unit: RMB per ton

Main raw material	Procurement pattern	Proportion of procurement amount to total procurement amount	Whether there is any major change in the settlement method used	Average price in the first half of the year	Average price in the second half of the year
Imported titanium ore	Depending on production plan	7.11%	No	2,797.55	2,660.57
Domestic titanium ore	Depending on production plan	4.68%	No	2,033.56	2,094.71

Note: Imported titanium ores and domestically produced titanium ores mean titanium concentrates in which the titanium dioxide content is 45% or more. The price of imported titanium ores is CIF Coastal Port in China; and the price of domestically produced titanium ores is exclusive of freight, VAT, etc.

The table also reveals that imported ores were consistently more expensive than domestic ores throughout 2023, with a price premium of 37% in the first half and 27% in the second half. The higher prices paid for imported titanium ores, more closely mirror the genuine global market costs, driven by international supply-demand dynamics, transportation expenses, and unrestricted competition without localised

[88] Confidential Exhibit B-3.53 - TZMI Cost Study of 2024 Costs
[89] Exhibit B-3.9 - Lomon Billions - Annual Report 2023

interventions.

In stark contrast, the lower domestic prices, embed significant distortions from Chinese government policies, such as heavy subsidies to state-backed mining and processing firms, preferential resource allocation, and strategic overcapacity that artificially depress local costs to bolster industrial dominance and export competitiveness in critical minerals like titanium.

Given the average price differential of 32% in 2023 between the imported and domestically procured titanium ore, the price of feedstock in the TMZI cost model has been uplifted by 32% to more accurately reflect a competitive market cost in China. No additional adjustments have been applied to the TMZI cost modelling, notwithstanding Tronox's claims that other material and energy costs in China are similarly distorted and do not reflect competitive market rates. Consequently, the constructed normal value and estimated dumping margin represent conservative estimates.

The uplifted manufacturing cost has been supplemented with estimated allocations for selling, general, and administrative (SG&A) expenses, as well as profit. These allocations are derived from LB Group's published 2023 Annual Report and are computed as percentages of operating costs:

- selling expenses at 2.4%,
- administrative expenses at 4.4%,
- research and development expenses at 4.5%,
- financial expenses at 1.0%, and
- profit at 17.2%.

2. Provide supporting documentary evidence.

- **Response:** Refer to **Exhibit B-3.9 - Lomon Billions - Annual Report 2023** and **Confidential Exhibit B-3.53 - TZMI Cost Study of 2024 Costs.**

B-5 Adjustments

A fair comparison must be made between the export price and the normal value. Adjustments should be made for differences in the terms and circumstances of the sales such as the level of trade, physical characteristics, taxes or other factors that affect price comparability.

1. Provide details of any known differences between the export price and the normal value. Include supporting information, including the basis of estimates.

Response: No further adjustment was required to the constructed normal values. Whilst there is a slight timing difference between the calculated export prices and constructed normal values, no timing adjustment is necessary given that export prices have remained relatively steady over the 2024 and 2025 period.

2. State the amount of adjustment required for each and apply the adjustments to the domestic prices to calculate normal values. Include supporting information, including the basis of estimates.

Response: Not applicable.

B-6 Dumping margin

1. Subtract the export price from the normal value for each model control code of the goods (after adjusting for any differences affecting price comparability).
2. Show dumping margins as a percentage of the export price.

Response: The table below outlines the estimated export price, constructed normal value with uplift, and dumping margin for the 12-month period ending December 2025. It shows that imports were dumped by a margin of 48%.

Constructed normal value	**US$/t**	**$3,140**
FOB Export price	**US$/t**	**$2,120**
Dumping margin	**US$/t**	**$1,020**
Dumping margin	**%**	**48%**

It is worth noting that without the uplift to the feedstock price, the constructed normal value demonstrates that exports to Australia continued to be sold at dumped prices by a margin of 31%.

Unadjusted NV and DM		
Constructed normal value	**US$/t**	**$2,783**
FOB Export price	**US$/t**	**$2,120**
Dumping margin	**US$/t**	**$662**
Dumping margin	**%**	**31%**

PART C

SUPPLEMENTARY SECTION

IMPORTANT

Replies to questions in Part C are not mandatory in all instances but may be mandatory for certain applications.

C-1 Subsidy

This section must be completed where countervailing duties are sought to offset foreign government assistance through subsidies to exporters or producers.

If the application is for countervailing duty alone, the domestic price information required by Part B of the application need not be supplied.

Responses to questions A-9 will need to identify the link between subsidisation and injury.

1. Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:
   (i) the nature and title of the subsidy;
   (ii) the government agency responsible for administering the subsidy;
   (iii) the recipients of the subsidy; and
   (iv) the amount of the subsidy.

C-2. Threat of material injury

You must complete this section if the application includes a claim that material injury is threatened to an Australian industry because of the exportation of goods into the Australian market.

1. Identify the change(s) in circumstances that would make material injury foreseeable and imminent unless dumping or countervailing measures were imposed, for example by having regard to:
   (i) the rate of increase of dumped/subsidised imports;
   (ii) changes to the available capacity of the exporter(s);
   (iii) the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;
   (iv) inventories of the product to be investigated;
   (v) for applications claiming subsidisation, the nature of the subsidies in question and the trade effects likely to arise therefrom; or
   (vi) any other relevant factor(s).

2. If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that material injury is both foreseeable and imminent.

C-3. Close processed agricultural goods

Where it is established that the like (processed) goods are closely related to the locally produced (unprocessed) raw agricultural goods, then – for the purposes of injury assessment – the producers of the raw agricultural goods form part of the Australian industry. This section is to be completed only where processed agricultural goods are the subject of the application.

Applicants are advised to contact the Commission's client support section before completing this section.

1. Fully describe the locally produced raw agricultural goods.

2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.

3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.

4. Provide information to establish **either**:

   - a close relationship between the price of the raw agricultural goods and the processed agricultural goods; **or**

   - that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.

C-4. Exports from a non-market economy

Complete this section only if exports from a non-market economy are covered by the application. The domestic price information required by Part B of the application need not be supplied if this question is answered.

Normal values for non-market economies may be established by reference to selling prices or to costs to make and sell the goods in a comparable market economy country.

1. Provide evidence the country of export is a non-market economy. A non-market economy exists where the government has a monopoly, or a substantial monopoly, of trade in the country of export and determines (or substantially influences) the domestic price of like goods in that country.

2. Nominate a comparable market economy to establish selling prices.

3. Explain the basis for selection of the comparable market economy country.

4. Indicate the selling price (or the cost to make and sell) for each model control code of the goods sold in the comparable market economy country. Provide supporting evidence.

C-5 Exports from an 'economy in transition'

An 'economy in transition' exists where the government of the country of export had a monopoly, or substantial monopoly, on the trade of that country (such as per question C-4) and that situation no longer applies.
Complete this section only if exports from an 'economy in transition' are covered by the application.

Applicants are advised to contact the Commission's client support section before completing this section

1. Provide information establishing that the country of export is an 'economy in transition'.

2. A price control situation exists where the price of the goods is controlled or substantially controlled by a government in the country of export. Provide evidence that a price control situation exists in the country of export in respect of like goods.

3. Provide information (reasonably available to you) that raw material inputs used in manufacturing/producing the exported goods are supplied by an enterprise wholly owned by a government, at any level, of the country of export.

4. Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.

C-6 Aggregation of Volumes of dumped goods

Only answer this question if required by question B-1.5 of the application and action is sought against countries that individually account for less than 3% of total imports from all countries (or 4% in the case of subsidised goods from developing countries). To be included in an investigation, they must collectively account for more than 7% of the total (or 9% in the case of subsidised goods from developing countries).

	Quantity	%	Value	%
All imports into Australia		100%		100%
Country A*				
Country B*				
etc*				
Total				

* Only include countries that account for less than 3% of all imports (or 4% in the case of subsidised goods from developing countries). Use the data at Appendix A.2 (Australian Market) to complete the table.

APPENDICES

Appendix A1	Australian Production
Appendix A2	Australian Market
Appendix A3	Sales Turnover
Appendix A4	Domestic Sales
Appendix A5	Sales of Other Production
Appendix A6.1	Cost to Make and Sell (& profit) Domestic Sales
Appendix A6.2	Cost to Make and Sell (& profit) Export Sales
Appendix A7	Other Injury Factors
Appendix A8	Authority to Deal With Representative
Appendix B1	Deductive Export Price
Appendix B2	Constructed Normal Value