



Subject Investigation 699 – Titanium dioxide from China – Submissions on material injury

To The Director - Investigations 2, Anti-Dumping Commission

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On behalf of China National Coatings Industry Association

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1 Introduction

- 1.1 This submission is made on behalf of the China National Coatings Industry Association (**the Association**) in Anti-Dumping Commission Investigation 699 – Titanium dioxide from China. The Association represents Chinese paint, pigment and related chemical manufacturers, including those who export products to Australia.
- 1.2 This submission responds to the claims of material injury made by Tronox Limited (**Tronox**) in its application dated 27 February 2026 (**Application**), in relation to the alleged dumping of titanium dioxide (**TiO₂**) imports by Chinese manufacturers during the period from 1 January 2025 to 31 December 2025 (**Investigation Period**).
- 1.3 As the Anti-Dumping Commission (**Commission**) is aware, in determining whether to recommend the imposition of dumping duties, the Commission must be satisfied (i) that the relevant Australian industry has suffered material injury, and (ii) that the material injury was caused by dumped imports. In accordance with paragraph 6 of article 6 of the ADA,¹ the Commission must satisfy itself of these matters, including by conducting its own investigations, and should not merely proceed in reliance on the materials provided and submissions put by Tronox.
- 1.4 Relevantly, the Commission operates under the *Customs Act 1901* (Cth) (**the Act**) and, in reaching any such recommendation, must have regard to the factors set out in section 269TAE when conducting its assessment of material injury and causation. To undertake this assessment, the Commission will examine details of the Australian market during the period from 1 January 2022 to 31 December 2025 (**Injury Period**). Because the Injury Period is broader than the Investigation Period, the Commission must exercise caution when assessing any material injury alleged by Tronox during the earlier part of the Injury Period (before the Investigation Period). The Commission must satisfy itself that dumping was occurring at relevant times during the Investigation Period before reaching any conclusion that dumping has caused material injury to the domestic industry. Put another way, the Commission cannot be satisfied of the alleged dumping being the cause of any material injury suffered by Tronox during the earlier part of the Injury Period without first satisfying itself that dumping was, in fact, occurring at that earlier point in time—i.e., prior to the Investigation Period.
- 1.5 Tronox's Application proceeds on the basis that dumping of TiO₂ imported from China into Australia has occurred. Consequently, Tronox does not consider whether any commercial

¹ *Marrakesh Agreement Establishing the World Trade Organization*, opened for signature 15 April 1994, 1867 UNTS 3 (entered into force 1 January 1995) annex 1A ('*Agreement on the Implementation of Article VI of the General Agreement on Tariffs and Trade*' (**ADA**)) art 6.6.

injury that it has suffered was, or could have been, caused by some other factor (or factors). However, the Association submits that no dumping has occurred or, alternatively, that any dumping that has occurred was at margins below a *de minimis* threshold. In any event, the Association submits that Tronox has not suffered material injury resulting from the importation of TiO₂ from China into Australia.

1.6 The Association advances the following submissions regarding the lack of a causal link between possible dumping and damage suffered by Tronox, and these submissions are expanded upon in the following sections:

- (a) the injury suffered by Tronox was self-imposed and the result of its internal operating decisions:
 - (i) Tronox experienced an increase in per-unit fixed costs, which cannot be attributed to imports from China;
 - (ii) Tronox's export sales volumes declined over the Injury Period, indicating a decline in Tronox's competitiveness;
 - (iii) Tronox increased production output despite declining sales volumes, resulting in the substantial accumulation of finished goods inventory; and
 - (iv) Tronox chose not to lower prices on its domestically produced goods, instead increasing its selling price from 2022 to 2024;
- (b) as Tronox itself has recognised, these internal decisions were made in a market experiencing contracting demand;
- (c) increasing domestic production costs caused (at least in part) any injury suffered by Tronox;
- (d) global trends impacted Tronox's performance and its ability to meet changes within the domestic market; and
- (e) any injury suffered by Tronox was caused by market changes in key domestic consumer industries.

2 Scope of goods

- 2.1 At the outset, the Association submits that the scope of the Commission's investigation should be amended to accurately reflect comparisons between Chinese imported products and TiO₂ manufactured by Tronox.
- 2.2 As Tronox has explained, TiO₂ may be manufactured through two distinct processes: the sulfate process and the chloride process. According to Tronox, it does not use the sulfate process in Australia.²
- 2.3 Chloride-TiO₂ produces superior quality TiO₂ and incurs greater production costs than sulfate-TiO₂. As a result, chloride-TiO₂ is priced higher than its sulfate counterpart. Tronox itself has recognised that it considers its chloride-TiO₂ products to be "premium".³
- 2.4 Chinese manufacturers export TiO₂ produced using both processes. To ensure that the Commission's investigation of any dumping or dumping margin is not artificially inflated by the inclusion of the lower-cost sulfate-TiO₂, which is not produced by Tronox in the domestic market, this product should be excluded from the scope of investigation. The relevant "like

² Tronox Limited, *Application for the publication of dumping and/or countervailing duty notices*, Investigation 699 (27 February 2026), 11–12 (**Tronox Application**).

³ *Ibid*, 22.

goods” comparison is, therefore, between Chinese manufactured chloride-TiO₂ (i) that was imported into Australia and (ii) that which was sold domestically in China.

- 2.5 The Association respectfully submits that the scope of the Commission’s investigation should be constrained to chloride-TiO₂.
- 2.6 In the alternative, the Association submits that the Commission’s calculation of any dumping margin ought to reflect the above appropriate “like goods” comparison. For example, by calculating separate dumping margins for sulfate-TiO₂ and chloride-TiO₂, and then calculating a weighted average based on import volumes—i.e., avoiding a process that involves a comparison between (i) the price at which Chinese manufactured sulfate-TiO₂ was imported into Australia and (ii) the price at which Chinese manufactured chloride-TiO₂ was sold domestically.

3 Injury suffered by Tronox was self-imposed

Increase in per-unit fixed costs

- 3.1 In its Application, Tronox has identified that it experienced an increase in per-unit fixed costs during the Injury Period, which it says eroded its profitability and reduced its economies of scale. It asserts that, but for the (alleged) dumping, Tronox would have achieved stable sales volumes and would have been able to offset the increase in fixed costs.⁴
- 3.2 The increase in Tronox’s per-unit fixed costs is not attributable to Chinese TiO₂ imports. As Tronox has acknowledged, the domestic market was experiencing demand contraction over the Injury Period.⁵ Therefore, even in the absence of Chinese imports, Tronox’s per-unit fixed costs would have experienced an increase arising from lower than usual sales volumes, which would have impacted its selling price and consequent market competitiveness. The inability to offset its own production increases should not be taken to constitute causation by Chinese imports.
- 3.3 Tronox is a wholly-owned subsidiary of Tronox Holdings plc (**Tronox Holdings**), which is a significant global producer of TiO₂. As at January 2026, Tronox Holdings has a global TiO₂ market share of approximately 16–18%, and its operations span six continents. Tronox’s assertion that its only option to offset an increase in per-unit fixed costs was to improve domestic sales volumes is, therefore, difficult to accept. For example, Tronox could have sought to direct unsold Australian product to another line in its global chain. Instead, Tronox’s export sales volumes declined over the Injury Period, indicating that Tronox was losing competitiveness globally due to factors unrelated to any alleged dumping. As the Commission knows, it must consider Tronox’s export performance and productivity—being relevant factors under section 269TAE(2A)(f) of the Act—in its assessment of the causation of any injury.
- 3.4 In addition, Tronox is a vertically-integrated operation.⁶ Therefore, any increase in its production costs has a significant impact on its business, as it is reliant on its self-operated mines and supply chain to obtain and produce raw materials and TiO₂ feedstock.⁷ By way of example, in its 2023 Annual Report, Tronox Holdings acknowledged that its financial results were impacted by a fire at its Botlek, Netherlands steam plant which resulted in the plant’s temporary closure.⁸ Matters affecting the early stages of Tronox’s supply chain would materially affect its end-products and substantially increase its costs. Chinese imports should not be held responsible for the effect caused by Tronox’s operational structure.

⁴ Tronox Application, 37.

⁵ *Ibid*, 34.

⁶ *Ibid*, 11–12.

⁷ Tronox Holdings Plc, *2023 Annual Report*, 14.

⁸ *Ibid*.

Increase in production output

- 3.5 Despite its declining sales volumes, Tronox increased its production output during the Injury Period, resulting in the substantial accumulation of finished goods inventory from 2023 to 2025.⁹ Tronox has acknowledged that the market was experiencing demand contractions over the Injury Period.¹⁰ Its decision to maintain high production levels, despite low domestic and export sales volumes, caused its accumulation of finished goods inventory and its subsequent operational inefficiencies. Accordingly, Tronox's decision to increase its production levels in the absence of increasing sales volumes in order to maintain its economies of scale was a strategic decision and is not directly attributable to any alleged dumping.

Increase in selling price

- 3.6 According to its Application, Tronox strategically chose not to lower prices on its domestically produced goods, despite market competition from Chinese and non-Chinese imports.¹¹ Instead, Tronox increased its selling price increased from 2022 to 2024.¹² Despite this, Tronox paradoxically claims that alleged Chinese undercutting created a "price ceiling".¹³
- 3.7 Tronox's increased production output and the substantial accumulation of finished goods inventory could have been offset by a reduction in prices to meet market competition. In the context of a market experiencing softness in demand, Tronox's failure to take this natural step was a strategic decision that contributed to its declining sales volumes and, contrary to Tronox's claims, self-imposed a price floor on its goods.
- 3.8 Tronox's ability to maintain its premium pricing is a factor indicating that the injury suffered was not sufficiently material and, in any event, that any loss of sales was self-inflicted.

Inability to meet market demand

- 3.9 Instead of lowering prices on its domestically produced goods, Tronox "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."¹⁴ In doing so, Tronox acknowledges that certain market segments are particularly price-sensitive and that imports can better serve those segments, when compared to Tronox's "premium" products. Chinese imports of lower-cost TiO₂ may fall within this customer segment and simply be serving a price-sensitive base that Tronox's domestic products do not. This segmentation is an ordinary feature of market operation. Chinese producers should not be penalised for their ability to satisfy a customer base that domestic production has not adequately supplied.

4 Domestic market contraction

- 4.1 As stated above, in its Application, Tronox identified a 2% market contraction over the Injury Period.¹⁵ There is no causative link between this contraction in demand and the allegedly dumped imports. Tronox's declining sales volumes, its consequent increase in per-unit fixed costs, and its accumulation of finished goods inventory, at least in part, must be attributed to this market change.

⁹ Tronox Application, 38.

¹⁰ Ibid, 34.

¹¹ Ibid, 39.

¹² Anti-Dumping Commission, *Consideration report number: 699* (30 April 2026), 21.

¹³ Tronox Application, 35.

¹⁴ Ibid, 39.

¹⁵ Ibid, 34.

- 4.2 In addition, in a market undergoing a softening in demand, Tronox increased production output and selling prices, which would have uniquely amplified its injury as customers shifted to suppliers that had reduced their prices in line with demand fluctuations.
- 4.3 In contrast to its allegations that injury was caused by dumped Chinese imports, Tronox's self-imposed injury was exacerbated by market conditions and its strategic responses to these conditions.

5 Domestic increase in production costs

- 5.1 Tronox's Australian operations are substantially based in Western Australia, with these operations representing the world's largest integrated TiO₂ project.¹⁶ The production of TiO₂ is highly electricity- and gas-intensive and is therefore vulnerable to energy cost fluctuations.
- 5.2 From 2021 to 2024, wholesale electricity costs in the South West Interconnected System, one of Western Australia's two main electricity grids, doubled.¹⁷ Tronox's Western Australian mine, processing plant, and port are located within this grid.
- 5.3 In accordance with paragraph 5 of article 3 of the ADA, the Commission should examine any known factors other than the dumped imports that may be injuring the domestic industry. Any injuries resulting from those factors must not be attributed to dumped imports (if any). Rising energy costs over the Injury Period would have impacted Tronox's performance even in the absence of any alleged dumping of imported TiO₂. Injury suffered by Tronox because of an increase in its selling prices and accumulation of finished goods inventory should, therefore, be attributed to these increased costs (at least in part).

6 Global trends

Decline in global demand

- 6.1 Global demand for TiO₂ contracted in 2023, with TZ Minerals International Pty Ltd (**TZMI**) reporting in September 2023 that overall demand was projected to be down 3.9% from 2022.¹⁸
- 6.2 Tronox Holdings acknowledged the impact of this demand softness in its 2023 Annual Report, citing macroeconomic challenges including inflation and geopolitical unrest. In 2023, Tronox's global operations ran "at the lowest utilisation rates on record in order to manage inventories and free cash flow".¹⁹ This resulted in "higher production costs including unfavorable fixed cost absorption, lower of cost or market charges, and idle facility charges."²⁰ Tronox Holdings reported a 17% year-over-year drop in revenue in 2023 due to weak demand and high operational costs,²¹ and its gross margin declined from 24.1% in 2022 to 16.2% in 2023 due in part to increased production and commodity costs.²² These global trends in Tronox Holding's performance are reflected in Tronox's domestic sales and price competitiveness. Even in the absence of any alleged dumping, Tronox's increased global operational costs would have exacerbated its domestic market issues.

¹⁶ Tronox Holdings Plc, *Perth Australia* (Web Page) <<https://www.tronox.com/perth-australia/>>.

¹⁷ The Chamber of Minerals and Energy of Western Australia, *Energy costs in transition: Decarbonising Western Australia's South West Interconnected System (SWIS)* (Report, July 2025), 5 <<https://cmewa.com.au/wp-content/uploads/2025/07/CME-SWIS-Energy-Report-1.pdf>>.

¹⁸ TZ Minerals International Pty Ltd, *TiO₂ Market Insight Report* (Issue 114, September 2023) 14.

¹⁹ Tronox Holdings Plc, *Tronox Reports Fourth Quarter and Full Year 2023 Financial Results* (Media Release, 15 February 2024) <<https://www.tronox.com/tronox-reports-fourth-quarter-and-full-year-2023-financial-results/>>.

²⁰ Tronox Holdings Plc, *2023 Annual Report*, 53.

²¹ *Ibid.*, 55.

²² *Ibid.*

- 6.3 TZMI's September 2023 report further found that the Asia-Pacific region, excluding China, experienced soft overseas demand and higher interest rates which weighed on regional economies.²³ These factors indicate that any injury suffered by Tronox may have resulted from macroeconomic trends, proven to not be affecting China, explaining the relative competitiveness of Chinese imports on both price and volume.

Global oversupply

- 6.4 The global market for TiO₂ experienced oversupply contributing to downward price pressures. TZMI forecasted in 2023 that the global titanium feedstock market would "be oversupplied for the next few years in the absence of supply side response to control production."²⁴
- 6.5 In its Application, Tronox claims that overcapacity in the Chinese market has contributed to the alleged dumping of Chinese imports in Australia. However, this trend is not unique to China; rather, the global market has experienced a volume surplus. TZMI also forecasted that the commencement of multiple new mines would result in a significant increase in ilmenite output in 2024.²⁵ This oversupply contributed to downward pressure on TiO₂ prices, with the price of Chinese imports reflecting these macroeconomic conditions.

7 Consumer industry market changes

- 7.1 The market for TiO₂ is primarily reliant on demand from the construction industry, with 70% of sales deriving from paints and coatings.²⁶ Since 2020–21, the commencement of dwelling constructions in Australia has fallen annually, alongside increasing interest rates and construction costs. In 2023–24, the number of commenced dwellings fell to 8.2% lower than 2019–20 levels, taking this figure to its lowest since 2011–12.²⁷ Any reduction in construction would have a consequent impact on Tronox's domestic operations, and amplified the issues experienced by its global parent.
- 7.2 Higher construction costs may also have led to a preference for the more cost-effective sulfate-TiO₂, which Tronox does not manufacture, leading to a decline in Tronox's sales volumes while increasing reliance on, and demand for, imported sulfate-TiO₂.

8 Conclusion

- 8.1 The Association maintains that its members' TiO₂ exports to Australia over the investigation period were not dumped or, to the extent that dumping did occur, were within the *de minimis* threshold.
- 8.2 In any event, the Association submits that the Commission cannot be sufficiently satisfied that any injury suffered by Tronox was (i) material or (ii) caused by Chinese imports.
- 8.3 Tronox's complaints were the result of internal strategic decisions, exacerbated by unfavourable domestic and global market conditions and macroeconomic factors. These trends do not provide a sufficient causative link for the Commission to ground its material injury assessment.
- 8.4 Accordingly, the Association respectfully requests that the Commission terminate the investigation in accordance with section 269TDA(13) of the Act.

²³ Above n 18, 4.

²⁴ TZ Minerals International Pty Ltd, *Mineral Sands Report* (Issue 335, September 2023) 3.

²⁵ Above n 18, 15.

²⁶ Tronox Application, 24.

²⁷ Australian Bureau of Statistics, *Home building through the pandemic: Residential building approvals and activity in Australia from 2019-2024* (Webpage, 19 November 2024), <<https://www.abs.gov.au/articles/home-building-through-pandemic>>.