



Addendum to the Statement of Essential Facts for AS0046: Countervailing investigation into certain excavators imported into the United Kingdom from the People’s Republic of China

1. Following the publication of the Notice of Initiation on 15 November 2023, the Trade Remedies Authority (TRA) has been conducting an investigation into alleged subsidisation of certain excavators imported into the United Kingdom (UK) from the People’s Republic of China (PRC).
2. On 25 November 2024, the TRA published its Statements of Essential Facts (SEF) onto the public file¹. Following this publication, the TRA received comments from interested parties and contributors, which are also available to view on the [public file](#). These comments will be addressed as part of the final recommendation.
3. As set out in the [Note to File](#) published on 18 March 2025, in early 2025 Caterpillar Group made a submission to the TRA in the form of a questionnaire response. The TRA decided to accept the questionnaire response after considering the impact this would have on the timeline of the case.
4. The TRA has now analysed the data provided by Caterpillar Group and, on that basis, updated the intended Final Recommendation to the Secretary of State for Business and Trade (Secretary of State).
5. This addendum to the SEF sets out updates made following the inclusion of Caterpillar Group’s data: updated summary of the facts considered by the TRA during the investigation, the updated recommendation, and an update to those facts that have formed the basis of the intended recommendation.
6. Interested parties, contributors and any other person who has supplied information to the TRA are invited to make submissions within 7 calendar days of the publication date of this addendum to the SEF, i.e. before 23:59 hours (BST) on 17 April 2025, as per regulation 62(2) of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (S.I. 2019/450) (as amended) (the Regulations).
7. Any submissions received after this date may not be accepted by the TRA if to do so would significantly impede the progress of this investigation. Where the TRA rejects information for any reason, it will publish the reasons for rejection in the Final Recommendation.

¹ In accordance with Regulation 62 of The Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019



8. Registered interested parties to the case can make submissions on the Trade Remedies Service online platform (TRS). These submissions must be accompanied by a non-confidential version for the public file, as per regulation 45(6)(a) of the Regulations. Those not registered on the TRS may send submissions by email to AS0046@traderemedies.gov.uk. These submissions must also be accompanied by a non-confidential version for the public file.
9. In exceptional circumstances, it may not be possible to summarise confidential information. If this is the case, interested parties must provide a 'statement of reasons' setting out the reasons why the TRA should treat the information as confidential and why summarisation of the information is not possible, as per regulation 45(6)(b) of the Regulations.
10. For further information about the TRA's investigations, please see its [public guidance](#).

Amended Summary and Findings

A. Introduction

11. On 18 March 2025, following the agreement of the TRA to include its data in our assessment and calculate an individual rate, Caterpillar Group, an overseas exporter, registered as an interested party and submitted a questionnaire response.
12. The individual companies in the Caterpillar Group are:

Caterpillar Group	Caterpillar (Xuzhou) Limited	Overseas Exporter
	Caterpillar SARL Singapore Branch	Associated Overseas Exporter
	Caterpillar SARL	Associated Overseas Exporter
	Caterpillar (China) Investment Co., Ltd	Associated Overseas Exporter

13. The TRA also accepted a late registration from Finning (UK) Ltd, (Finning), a UK importer which imports the goods concerned into the UK from the PRC.
14. The below information details the conclusions of the assessments made on Caterpillar Group's data. The below facts will be included in, and help to form the basis of, the intended final determination and the countervailing measure that the TRA will recommend to the Secretary of State for Business and Trade (Secretary of State).
15. The TRA has applied the same methodology to assess the information provided by Caterpillar Group as that used in the SEF to assess the countervailability of potential



subsidies received by exporters of the goods subject to review in the PRC. Only new information is reported below.

A1. Sampling

16. The TRA decided to treat Caterpillar Group as part of the sample of PRC exporters while calculating an individual rate.
17. Caterpillar Group make up a greater proportion of market share for imports from the PRC than either of the other sampled exporters, therefore the data provided was considered material to the robustness of the wider assessment conducted and the understanding of injury to the UK industry.

A2. Verification of data

18. The TRA undertook verification activities in relation to the information provided by the cooperating interested parties, during which the completeness, relevance, and accuracy of that information was assessed. Further general details of verification conducted in this investigation can be found in Section C3 of the SEF.
19. Table 1 shows the dates on which the TRA conducted remote verification and provides links to the relevant verification report of each company.

Table 1 Remote verification and associated verification reports

Company	Remote verification	Verification report
Caterpillar (Xuzhou) Limited	11 March – 14 March 2025	Verification report
Caterpillar SARL Singapore Branch	11 March – 14 March 2025	Verification report
Caterpillar SARL	11 March – 14 March 2025	Verification report
Caterpillar (China) Investment Co., Ltd	11 March – 14 March 2025	Verification report
Finning (UK) Ltd	17 March 2025	Verification report

20. Secondary source information was used in accordance with the Regulations. This secondary information was treated with special circumspection and, where practicable, was subject to verification activity using independent sources. This included, but was not limited to, official import statistics and data pertaining to relevant markets. Where the TRA did not consider the data to be verifiable, the areas have been highlighted.



B. Subsidy

B1. Grants

21. As part of its [questionnaire response](#), Caterpillar Group submitted data regarding the grants from which it had received benefit during the POI. However, Caterpillar Group stated the details of the grants reported for the POI were confidential owing to commercial sensitivity. On this basis, the TRA cannot name any of the individual grants received.
22. Each of these grants was assessed individually. Where Caterpillar Group was unable to provide requested documentation, the TRA supplemented this with its own research and the use of facts available.
23. The full detail of the grants assessed in this investigation can be found in Section F2 of the SEF.

B1.1 Financial contribution by a foreign authority

24. The TRA considered whether each of the grants received by Caterpillar Group constituted a financial contribution by a foreign authority in accordance with regulation 20 of the Regulations. The TRA identified that the grants had taken the form of a direct transfer of funds from the granting authorities to the recipients. The TRA considers that each of these constituted a financial contribution.
25. The TRA performed open-source research into the awarding bodies that provided the grants, and verified they were made up of a range of national, provincial, and municipal government departments. The TRA, therefore, considers that the awarding bodies were foreign authorities, within the meaning of paragraph 3(4) to Schedule 4 of the Act.
26. In line with regulations 20(1)(a) and 20(3)(a) of the Regulations, the TRA has determined the grants reported by Caterpillar Group constitute financial contributions by foreign authorities.

B1.2 Benefit conferred

27. The TRA considered whether each financial contribution by a foreign authority conferred a benefit in accordance with regulation 21 of the Regulations.
28. Based on the evidence Caterpillar Group provided, the direct transfers of funds from the foreign authorities identified provided greater resources without creating any specific reciprocal obligation on the part of Caterpillar Group, which would not have been available to them under normal market conditions. Therefore, the TRA has concluded that the grants conferred a benefit to Caterpillar Group in line with regulation 21(2) of the Regulations



B1.3 Specificity

29. The TRA considered whether each of the grants reported were specific, in accordance with regulation 22 of the Regulations.

30. Following the examination of grant documentation submitted by the Caterpillar Group, the TRA determined it had received a grant explicitly restricted to a limited number of enterprises as well as a grant that, although not explicitly specific, had been granted disproportionately to excavator manufacturers.

31. For further grants, limited documentation was available for review. Consequently, it was necessary for the TRA to perform its assessments on the basis of the facts available. The TRA identified significant overlap between those grants received by Caterpillar Group with limited supporting documents, and the grants received by Caterpillar Group that were confirmed to have been restricted to limited enterprises and industries either explicitly, or in fact. This included common granting authorities, and similarities in the names and general descriptions of the grants. On this basis, the TRA determined that the further grants were also either explicitly restricted to certain enterprises, or had been granted disproportionately to a limited number of enterprises.

32. Based on the information available to it, the TRA determined that multiple grants received by Caterpillar Group were specific, in accordance with regulation 22(2)(a)(i), and regulations 22(2)(b) and 22(3)(a) of the Regulations.

B1.4 Amount of subsidy

33. In accordance with regulation 23 of the Regulations, the TRA has calculated the amount of subsidy attributable to the subsidised imports.

34. In the review of the evidence provided by Caterpillar Group of the grants it received, the TRA determined that no deductions were relevant to the grants.² Therefore, no deductions were included when calculating the total amount of countervailable subsidy for each of the relevant grants. The amount of benefit conferred, as per regulation 24 of the Regulations, for each grant deemed to be a countervailable subsidy was determined to be the total amount of that grant.

35. In line with regulation 25(1) of the Regulations (pursuant to regulations 25(2) to 25(4)), the amount of countervailable subsidy that is attributable to the POI is the amount received during the POI.

² within the meaning given in regulation 24(3) of the Regulations



36. The TRA examined the specific nature of each grant based on the supporting evidence and considered whether any of the value of the countervailable subsidy was attributable outside of the POI.
37. Where a countervailable subsidy had been received before the POI, but some of its value was attributable to the POI, the TRA considered whether the grant was a qualifying countervailable subsidy (QCS)³. One such subsidy was identified in Caterpillar Group's financial records; the TRA determine that this subsidy was not a QCS as none of this subsidy, which was received in full before the POI, was attributed to the POI.
38. Having reviewed the evidence related to the grants , the TRA did not identify that any of the grants were attributable to specific lines of goods. Consequently, the TRA considers the benefit of each grant determined to be a countervailable subsidy was attributable to all of the sales of goods, in line with regulation 26(1) of the Regulations.
39. The subsidy amount attributable to grants was calculated for Caterpillar Group, as per regulation 23(3) of the Regulations, and has been expressed as an ad valorem rate of the value of the subsidised imports, as per regulation 23(4), in the table below.

Table 2: Countervailing amount attributable to grants.

Exporter	Countervailing amount
Caterpillar Group	0.0109%

B2. Preferential financing

B2.1 Loans and bank acceptance drafts

40. During the investigation, the TRA determined that preferential financing was provided to excavator manufacturers through the provision of loans and bank acceptance drafts (BADs) and that each of these were countervailable subsidies (reported in Section F3 of the SEF).
41. In its [questionnaire response](#), Caterpillar Group reported it had not used any bank loans or BADs during the POI; the TRA's examination of the data submitted by Caterpillar Group and its financial records did not identify any such financing. Therefore, the countervailing amount determined for Caterpillar Group in this regard was zero.

³ as defined in regulation 25(4) of the Regulations



42. Beyond stating it had not utilised loans or BADs during the POI, Caterpillar Group offered no commentary on these alleged subsidies. Consequently, the subsidy assessment reported previously by the TRA is unaffected by Caterpillar Group's submission.

B2.2 Customs guarantees

43. In its [questionnaire response](#), Caterpillar Group disclosed that, although it had not used the financial instruments identified in the initial subsidy allegations in the application, it had purchased guarantees from a commercial bank in the PRC; these guarantees were not related to any loans and were associated with the payment of VAT and customs duties.

44. The TRA conducted an examination of the financial products in question to identify if such guarantees were a countervailable subsidy. The TRA identified that the purchase of the guarantee would, in the event that Caterpillar Group had defaulted on the payment of import VAT and customs duties, leave the providing bank liable for the payments. This meant that a financial contribution had occurred in the form of a potential transfer of liabilities from Caterpillar Group to the bank providing the guarantee.

45. However, the TRA has not been able to obtain the evidence necessary to determine whether banks are directed by the Government of China (GoC) to provide guarantees to excavator manufacturers. Consequently, the programme has not been assessed further.

B3. Equity infusions

46. During the investigation, the TRA did not identify equity infusions through corporate bonds, the direct conversion of debt into equity, or any other forms of equity infusions among the sampled exporters (reported in Section F4 of the SEF).

47. In its [questionnaire response](#), Caterpillar Group reported it had not received or benefitted from any equity infusions through corporate bonds, the direct conversion of debt into equity, or any other forms of equity infusions; the TRA's examination of the data submitted by Caterpillar Group and its financial records did not identify any such equity infusions.

48. Consequently, the subsidy assessment reported previously in the SEF on equity infusions is unaffected by Caterpillar Group's submission.



B4. Income tax reductions

49. During the investigation, the TRA determined a reduced enterprise income tax rate was a countervailable subsidy (reported in Section F5 of the SEF).
50. In its [questionnaire response](#), Caterpillar Group reported that it had not benefitted from the use of any preferential tax programmes during the POI. The TRA reviewed Caterpillar Group's income tax statements for the POI and did not identify the use of any programmes to reduce income tax liability.
51. Consequently, the subsidy assessment reported previously by the TRA is unaffected by Caterpillar Group's submission, and the countervailing amount determined for Caterpillar Group in this regard was zero.

B5. Other tax exemptions and deductions

52. During the investigation, the TRA examined a number of exemptions and deductions related to taxes other than an enterprise's income tax. The TRA's findings were detailed in Section F6 of the SEF.
53. In its [questionnaire response](#), Caterpillar Group reported that it had not benefitted from the use of the programmes included in the allegations contained in the application. Information assessed concluded that Caterpillar Group did not use the tax exemption and deduction tax programmes examined by the TRA in the SEF. Therefore, the countervailing amount determined for Caterpillar Group is zero.
54. Caterpillar Group did disclose having received exemptions from the payment of tariffs (and the resultant VAT) on some imports of goods from the USA. The TRA has examined the programme utilised by Caterpillar Group, using the same method applied to the subsidy assessments detailed in the SEF, to assess whether it is a countervailable subsidy.

B5.1 Import tariff exemption

B5.1.1 Financial contribution by a foreign authority

55. The TRA considered whether this programme constitutes a financial contribution by a foreign authority in accordance with regulation 20 of the Regulations.
56. The TRA identified the [government announcement](#) establishing the import tariff exemption utilised by Caterpillar Group during the POI. The announcement states that, for the particular goods cited in an accompanying [annex](#), importers will be exempt from paying the relevant tariffs, and identifies the programme as an "import tax reduction".



57. This announcement was issued by State Council Tariff Commission, a branch of the GOC.

58. The TRA has, therefore, determined that the programme constitutes a financial contribution by a foreign authority, in the form of revenue otherwise due to a foreign authority being foregone, in accordance with regulation 20(1)(b) of the Regulations.

B5.1.2 Benefit conferred

59. The TRA considered whether the financial contribution by a foreign authority conferred a benefit in accordance with regulation 21 of the Regulations.

60. The TRA considers that a reduction in the import duties that would be paid by a company in the absence of a programme increases the resources available to it. The difference between the duties tax that would be paid and those actually paid by companies utilising the programme constitutes the benefit conferred by the programme, in accordance with regulation 21(1) of the Regulations.

B5.1.3 Specificity

61. The TRA considered whether the programme is specific in accordance with regulation 22 of the Regulations.

62. In addition to the information provided by Caterpillar Group, the TRA conducted its own research into the programme to identify whether it is specific.

63. As noted above, the announcement⁴ introducing the exemption programme was accompanied by a list of 696 goods⁵ exempt from the associated import tariffs. Although it was not possible to identify the GOC announcement establishing the tariffs, a news article⁶ contemporaneous to the introduction of the tariffs indicates that the goods subject to the tariffs exceeds 5,000 products.

64. The announcement introducing the exemption also specifies a method for enterprises to apply for further goods to be added to the exemption list. Further announcements from 2019⁷ and 2021⁸ were identified where additional goods were added to the list of exempted goods.

65. The TRA examined the goods added to the exemption list in response to successful applications. The TRA considered the list to be potentially indicative of specificity

⁴ [国务院关税税则委员会关于开展对美加征关税商品市场化采购排除工作的公告_国务院部门文件_中国政府网](#)

⁵ [附件](#)

⁶ [The US-China Trade War: A Timeline - China Briefing News](#)

⁷ [国务院关税税则委员会关于对原产于美国的部分进口商品（第三批）加征关税的公告_部门政务_中国政府网](#)

⁸ [国务院关税税则委员会关于对美加征关税商品第五次排除延期清单的公告_国务院部门文件_中国政府网](#)



when considered in the context of the industries likely to import such goods.

66. Where the number of goods subject to tariffs is high (in this case exceeding 5,000 products), a large number of applications for exemptions might be anticipated; consequently, the number of goods added to the exemption list by each of the notices identified (65 and 77, respectively) could be considered limited. Such limitations in the industries likely to benefit from the exemption programme might suggest the programme is in fact, applied specifically.

67. However, in the absence of further information regarding the application process and the justification for accepting and rejecting applications, it is not possible for the TRA to determine the programme is in fact applied specifically, within the meaning given in regulation 22(2)(b) of the Regulations. Therefore, the programme has not been assessed further.

B6. Provision of steel for inadequate remuneration

68. During the investigation, the TRA did not identify sufficient evidence to determine the potential provision of steel for inadequate remuneration was a countervailable subsidy, either directly or in the form of the pass-through of subsidy issued to steel producers.

69. Caterpillar Group provided limited comments on the provision of steel for inadequate remuneration beyond indicating it did not consider it had received any such benefit. Consequently, this did not expand the evidence base available to the TRA in assessing the allegations regarding the provision of steel for inadequate remuneration (reported in full in Section F7 of the SEF). The TRA's assessment of the provision of steel for inadequate remuneration, as reported in the SEF is unchanged.

B7. Provision of land use rights for inadequate remuneration

70. During the investigation, the TRA determined that land use rights (LURs) were provided to excavator manufacturers in the PRC for inadequate remuneration, and that this was a countervailable subsidy (reported in Section F8 of the SEF).

71. In its questionnaire submission, Caterpillar Group cited a number of pieces of legislation concerning the provision of LURs in the PRC. Caterpillar Group also reported the process through which it had acquired LURs, indicating that, having itself identified a land plot of interest, Caterpillar Group participated in a public auction; it reported that such auctions include a pre-auction announcement period, ordinarily of no less than 20 days.

72. Upon request, Caterpillar Group provided LUR certificates and financial records related to the purchase of its LURs. Owing to Caterpillar Group's LURs having been



purchased a number of years prior to the POI, Caterpillar Group was unable to provide documentation associated with the announcements of the auctions it had participated in.

73. The TRA reviewed all of the evidence submitted by Caterpillar Group and repeated its assessments of whether the provision of LURs constitutes a countervailable subsidy.

74. The TRA found the evidence submitted by Caterpillar Group did not alter the key findings of its assessment of whether a financial contribution by a foreign authority was present, whether this conferred a benefit, and whether this subsidy is specific.

75. The TRA calculated a countervailing amount for Caterpillar Group. Caterpillar Group had not purchased any LURs during the injury period; consequently, to determine an appropriate benefit-conferred-per-square-metre figure for Caterpillar Group, each of Caterpillar Group's LURs was adjusted to a 2023 price based on CPI inflation data obtained from the [World Bank](#) for the PRC.

76. These inflation-adjusted LUR purchase prices were then compared against benchmark data available for the POI. The benchmark data used and the steps followed in calculating the countervailing amount for Caterpillar Group, outside of the inflation adjustment detailed above, were identical to those reported in the SEF (Section F8.5).

77. The subsidy amount attributable to the provision of LURs for inadequate remuneration was calculated for Caterpillar Group as per regulation 23(3) of the Regulations, and has been expressed as an ad valorem rate of the value of the subsidised imports, as per regulation 23(4), in the table below:

Table 3: Countervailing amount for land use rights at inadequate remuneration

Exporter	Countervailing amount
Caterpillar Group	0.0180%

B8. Provision of energy for inadequate remuneration

78. During the investigation, the TRA determined that electricity was provided for inadequate remuneration in the PRC to specific industries, and that this was a countervailable subsidy (reported in Section F9 of the SEF).

79. In its questionnaire [response](#), Caterpillar Group provided limited comments on the provision of energy for inadequate remuneration beyond indicating it did not consider it had received any such benefit.



80. Caterpillar Group submitted data regarding purchases of energy and, upon request, provided electricity invoices. This data was used to repeat the process outlined previously relating to energy benchmark calculations (Section F9.5 of the SEF). When compared against the energy benchmark reported in the SEF, it was determined that Caterpillar Group had not received any benefit from electricity purchases during the POI.

81. Consequently, the TRA's assessment of the provision of energy for inadequate remuneration, as reported in the SEF, is unchanged.

B9. Provision of export credit insurance for inadequate remuneration

82. During the investigation, the TRA determined that export credit insurance was provided for inadequate remuneration in the PRC to specific industries, and that this was a countervailable subsidy (reported in Section F10 of the SEF).

83. In its [questionnaire response](#), Caterpillar Group reported it had not used export credit insurance during the POI; the TRA's examination of the data submitted by Caterpillar Group and its financial records did not identify the use of any such products.

84. Consequently, the subsidy assessment reported previously by the TRA is unaffected by Caterpillar Group's submission and the determinations are unchanged.

B10. Provision of shipping and logistics services for inadequate remuneration

85. During the investigation, the TRA did not identify sufficient evidence to determine if the provision of shipping and logistics services for inadequate remuneration was a countervailable subsidy (reported in Section F11 of the SEF).

86. In its questionnaire response⁹, Caterpillar Group provided limited comments on the provision of shipping and logistics for inadequate remuneration beyond indicating it did not consider it had received any such benefit. Consequently, this did not expand the evidence base available to the TRA in assessing the allegations regarding the provision of shipping and logistics services for inadequate remuneration. The TRA's assessment of the provision of shipping and logistics for inadequate remuneration, as reported in the SEF, is unchanged.

⁹ [TRA Investigations - Trade Remedies Service - GOV.UK](#)



B11. Other subsidies provided in special economic zones

87. Regarding subsidies associated with designated economic zones, detailed in Section F12 of the SEF, Caterpillar Group reported the only such subsidies it had received were grants; these were reported alongside other grants received by Caterpillar Group and were assessed by the TRA (reported above in Section A1).

B12. Conclusion on Subsidy

88. Having assessed each subsidy scheme in scope of the investigation and, where relevant, calculated the amounts of subsidy for Caterpillar Group for those deemed countervailable, the TRA has calculated an individual countervailing amount for the Caterpillar Group.

89. The aggregated amount is presented below.

Table 4: Individual aggregate countervailing amounts

Exporter group	Caterpillar Group
Grants	0.0109%
Preferential financing – loans	0.0000%
Preferential financing – BADs	0.0000%
Income tax reductions	0.0000%
Other tax exemption and deductions	0.0000%
Provision of land use rights for inadequate remuneration	0.0180%
Total	0.02%

90. As per regulation 36(5) of the Regulations, where the amount determined is less than 2% of the price of imports, then the TRA must disregard that amount and the amount adequate to remove injury is zero. Therefore, the determined duty rate is 0.00%.

91. The TRA's determination of the subsidy amount for overseas exporters where it has not determined an individual subsidy amount, and the exporter is not a non-sampled overseas exporter (also termed the residual amount), within the meaning of regulation 37, was reported in Section F13.3 of the SEF.

92. The residual amount was calculated by aggregating the highest subsidy amount determined for each countervailable subsidy identified in the investigation. The countervailing amounts determined for the Caterpillar Group are below those determined for other sampled exporters. Consequently, the inclusion of the Caterpillar Group in the sample has not affected the residual rate, as reported in the SEF.



93. The TRA's determination of the subsidy amount for non-sampled cooperating exporters was reported in Section F13.2 of the SEF. Owing to the countervailing amount for the Caterpillar Group being below 2.00%, the subsidy amount for non-sampled cooperating exporters is unaffected by the inclusion of the Caterpillar Group to the sample.

C. Injury

94. The overall injury assessment and injury margin calculations (as reported in Section G of the SEF) have remained unchanged. As the countervailable amounts of subsidy for Caterpillar Group calculated above did not meet the minimal threshold, its investigation into its goods was terminated. This is in accordance with regulation 64(1)(a) of the Regulations. As a result, the TRA was not required to update its injury analysis set out in the SEF using Caterpillar Group's data in an expanded sample.

D. Conclusion on Subsidy and Injury

Table 5: Recommended ad-valorem duty rates

	Injury Margin	Countervailing Amount	Duty Amount
Caterpillar	N/A	0.02%	0.00%

E. EIT

95. In receipt of new evidence submitted and import data which has become available since the publication of the SEF, the TRA has reconsidered the Economic Interest Test (EIT).

96. In regard to the factors set out under SEF headings I3, I4, I6, I7, I8 and I9; the TRA has not identified any new evidence which alters the overall conclusions reached in each.

97. The TRA has identified that the stated welfare impacts set out under heading I5 will be different in light of new evidence available from Caterpillar Group and comments on the SEF from registered exporters. These will be detailed in the Final Determination.