



**Verification report – Importer**

**Case AS0046: Certain excavators from China**

<b>Period of Investigation (POI):</b>	1 July 2022 to 30 June 2023
<b>Injury Period:</b>	1 July 2019 to 30 June 2023
<b>Date of report:</b>	19 August 2024
<b>Case team contact details:</b>	<a href="mailto:AS0046@traderemedies.gov.uk">AS0046@traderemedies.gov.uk</a>
<b>Interested Party verified:</b>	SANY Heavy Machinery (UK) Ltd (SANY UK)

For further details, please see the [Notice of initiation](#) on the public file.



## Contents

Executive Summary .....	3
Purpose of verification .....	5
Confidential information.....	6
Verification .....	7
A. Company structure and associations .....	8
B. Accounting Systems and Procedures .....	10
C. Goods.....	12
D. Imports and forward orders .....	14
E. Sales.....	16
F. Economic Interest Test.....	18
Conclusions .....	20
Annexes.....	21
Annex 1: Meetings.....	21



## Executive Summary

The Trade Remedies Authority (TRA) is conducting an anti-subsidy investigation to determine whether injury is being caused to the UK excavator industry due to subsidisation of Certain Excavators imported into the United Kingdom (UK) from China.

More information about the case can be found on the public files:

[AS0046 – Certain excavators from the PRC](#)

SANY Heavy Machinery (UK) Ltd (SANY UK), a domestic importer of the goods concerned, returned a completed, domestic importer questionnaire ('questionnaire response'). SANY UK imports the goods concerned produced by SANY Heavy Machinery Limited (SANY Kunshan) and Shanghai SANY Heavy Machinery Co., Ltd. (Sany Shanghai) in the PRC. SANY UK does not import the goods concerned from any non-associated companies. The TRA sought to verify the completeness, relevance and accuracy of the information submitted.

- We conducted a walkthrough of the accounting systems to assess how much reliance we can place on information produced by the system.
- We compared questionnaire responses and other accompanying evidence and information to open sources such as Companies House, SANY UK's websites, etc. checking for consistency.
- We checked information and data provided for consistency with financial statements and responses from other interested parties.
- We conducted an online verification visit where SANY UK explained its calculations and the reasons behind them. It showed how the figures in its questionnaire annex reconcile with its figures from its supporting documents and accounting system.



Based on the verification activity undertaken the TRA has a reasonable level of assurance on the completeness, relevance and accuracy of the information provided by SANY UK and we can use it for the purpose of this investigation.



## Purpose of verification

The purpose of the TRA's verification activity is to determine whether the information provided by interested parties is complete, relevant, and accurate and can be used in our investigation. This verification report sets out the conclusions reached for each component that covers the scope of our work. It also provides an overall conclusion stating the level of assurance reached.

The information verified may then be considered in our assessments and analysis to determine whether subsidisation has occurred and if this subsidisation is causing injury to the UK industry. This will form the basis for establishing appropriate measures where necessary, and to assess whether these are in the UK's economic interest.

We carried out verification activities remotely. The TRA did not seek to verify all information provided, but undertook the work considered appropriate and possible within the time constraints of the investigation to obtain assurance upon which to base our case decision.

This verification report documents the work completed, providing an overview of the range and scope of verification procedures performed, for each component that covers the scope of our work, on the information submitted by SANY UK. It details the conclusions reached regarding completeness, relevance, accuracy and provides an overall conclusion stating the level of assurance reached.



## Confidential information

SANY UK must provide a non-confidential version of the verification report marked as 'non-confidential' in the header.

If any information contained in the verification report is considered confidential, SANY UK should delete or redact those sections and provide a non-confidential summary of the information which has been removed. It must provide reasons as to why the particular information is considered confidential (see also [public guidance](#)). The non-confidential version of the verification report will be placed on the public file.



## Verification

Please find below a summary of work completed by the TRA to determine whether the information provided by SANY UK in its questionnaire response is complete, relevant, and accurate.



## A. Company structure and associations

### What information was considered

- Company details
- Owners and shareholders
- Associated companies

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

### How the information was checked

We cross-checked the information provided by SANY UK on name, establishment date and address, by comparing information provided in its questionnaire response with information published on Companies House. We found the information from these sources to be consistent with the information provided by the company in its questionnaire response.

We also compared this information to information on the SANY UK website and found that the information provided was consistent.

We examined the financial statements covering the period of investigation for consistency with information regarding ownership, shareholders, associated companies, and accounting policies and practices provided in questionnaire responses.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

### Exceptions/Findings/Adjustments



None.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

### Conclusions

The information relating to company structure and associations provided by SANY UK is verifiable. Based on the work performed, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate and can therefore be used by the TRA for this case.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*



## B. Accounting Systems and Procedures

### What information was considered

- Information Technology Systems and Applications
- Accounting policies, significant risks, and chart of accounts
- Sales and customer order process and procedures
- Purchase order and invoice approval process and procedures

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

### How the information was checked

We conducted a walkthrough of SANY UK's accounting system to gain an appreciation of the applications used and the relevant processes in place, to inform our assessment of the level of reliance to place on the data provided. SANY UK uses **[CONFIDENTIAL – name of the accounting system used by the company]** for its accounting processes.

- We conducted a sale and purchase order process walkthrough. SANY UK showed us how each selected transaction was processed, step by step through the accounting system from inception to being recorded on the relevant ledger.
- We reviewed and discussed accounting policies listed in the notes to audited financial statements. The financial statements are in accordance with the applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).
- SANY UK demonstrated how information provided in the questionnaire response was extracted from **[CONFIDENTIAL – name of the accounting**



**system used by the company]**, and explained how the methodologies used for cost allocations were relevant.

We found no material risk factors when reviewing the accounting system.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

The information redacted was supplied on a confidential basis and is confidential by nature. The disclosure of such information would give a significant advantage to a competitor and would have a significant adverse effect on the company supplying the information. A non-confidential summary of the information redacted has been provided.

#### Exceptions/Findings/Adjustments

None.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

#### Conclusions

Based on the work performed, we have obtained a basic understanding of the relevant accounting and associated business systems of SANY UK. This enabled us to plan appropriate verification procedures.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*



## C. Goods

### What information was considered

- Goods description of the goods concerned assigned to PCN's
- Goods description of the like goods assigned to PCN's
- Internal coding systems

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

### How the information was checked

- The SANY UK website had a list of products with its associated weights. This allowed us to identify which products were in and out of scope.
- We also checked the price list for the same products.
- We checked the sales list provided by SANY UK for each product matching a product being listed in its website and for the weights and thus the PCN category matching.
- We checked the commodity code with HMRC to ensure that the code specified matched the goods concerned with no issues identified.
- We were shown documents regarding sales such as emails, order confirmation documents and collection/delivery notes to confirm sales, prices, etc.
- The excluded excavators were those which were under 11,000kg and those which were wheeled rather than tracked.
- We also identified the same products listed on SANY UK's website in its price list and also in its list of transactions.

The documents supported and confirmed the sales of the products, customers, prices, etc.



*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

Exceptions/Findings/Adjustments

None.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

Conclusions

The information relating to the company's goods provided by SANY UK is verifiable. Based on the work performed, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate and can therefore be used by the TRA for this case.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*



## D. Imports and forward orders

### What information was considered

We considered information from:

- SANY UK's import purchases
- SANY UK's audited accounts for 1 January – 31 December 2022
- SANY UK trial balances
- SANY UK walkthrough
- Information from SANY UK's accounting system (**[CONFIDENTIAL – name of the accounting system used by the company]**)

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

The information redacted was supplied on a confidential basis and is confidential by nature. The disclosure of such information would give a significant advantage to a competitor and would have a significant adverse effect on the company supplying the information. A non-confidential summary of the information redacted has been provided.

### How the information was checked

- During the walkthrough SANY UK demonstrated how it calculated the import value of the goods concerned. It used **[CONFIDENTIAL – name of the accounting system used by the company]** to filter the dates for its purchases from associated companies based in the PRC to the POI and exported the data to excel. It filtered the data based on the description of goods to only show the goods concerned.
- We confirmed the transactions listed only contain the goods concerned and have been assigned the correct PCNs. No other goods have been identified which should have been included in the T-by-T listing.
- We agreed the total for the goods concerned purchased by SANY UK during the POI to the questionnaire response with no issues identified.



*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

The information redacted was supplied on a confidential basis and is confidential by nature. The disclosure of such information would give a significant advantage to a competitor and would have a significant adverse effect on the company supplying the information. A non-confidential summary of the information redacted has been provided.

Exceptions/Findings/Adjustments

None.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

Conclusions

The information relating to imports and forward orders provided by SANY UK is verifiable. Based on the work performed, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate and can therefore be used by the TRA for this investigation.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*



## E. Sales

### What information was considered

- T-by-T sales transactions
- Pricing and price reductions
- Delivery charges

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

### How the information was checked

The TRA selected a random sample of domestic sales transactions for verification. These transactions were tested for relevance and accuracy by agreeing the transaction details to relevant source documentation.

SANY UK provided source documentation such as sales orders, sales invoices, bank receipts and various import documentation.

We examined sampled sales documents. Transactions were traced back to source documents, from order inception through to payment evidence, with no issues identified.

We also reviewed source documents to ensure that any price reductions or delivery charges were reflected in the questionnaire response and noted no issues.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

### Exceptions/Findings/Adjustments



None.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

### Conclusions

The information relating to sales provided by SANY UK is verifiable. Based on the work performed, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate and can therefore be used by the TRA for this case.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*



## F. Economic Interest Test

### What information was considered

- The total sales of customers and suppliers
- Employment figures
- Potential economic impact on domestic price and production if measures were imposed

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

### How the information was checked

- We agreed the number of employees stated in the questionnaire to SANY UK's financial statements.
- We checked the customer and supplier list for reasonableness with no issues identified. Its main suppliers are Shanghai SANY Heavy Machinery Co., Ltd. (Sany Shanghai) and SANY Heavy Machinery Limited (SANY Kunshan), which have been separately verified by the TRA.
- We compared future expectations for the industry with independent market research, Market Research Future.
- With a measure introduced, SANY UK claimed during the verification visit that the price would rise and this would trigger an increase in prices across the market, and could affect SANY UK's ability to provide the warranties which are part of each excavator sale.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

### Exceptions/Findings/Adjustments



None.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

### Conclusions

The information relating to economic interest provided by SANY UK is verifiable. Based on the work performed, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate and can therefore be used by the TRA for this case.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*



## Conclusions


We verified company details and ownership information provided by SANY UK by comparing it with information in audited financial statements and company websites. We gained an understanding of SANY UK's goods concerned and reviewed accuracy of PCN allocation. During verification, we were able to reconcile information provided in questionnaire responses to SANY UK's accounting systems. SANY UK also demonstrated how it generated data for annexes using its accounting system and walked us through how to reconcile the data to the annexes. A sample of sales transactions were also traced back to source documents with no issues.

SANY UK provided sufficient and appropriate evidence, which enabled us to conduct verification work on a sample basis as detailed in the above sections. Based on the work performed, we have a reasonable level of assurance that the information provided in its questionnaire response is complete, relevant, and accurate for the purpose of this investigation.



## Annexes

### Annex 1: Meetings

Date and duration	Type of authentication	Company representatives	TRA representatives
Walkthrough 7 <sup>th</sup> June 2024 One day	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	<b>[CONFIDENTIAL – Names of the individuals that attended the RCC]</b>	
Verification 17 <sup>th</sup> -18 <sup>th</sup> July 2024 Two days	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	<b>[CONFIDENTIAL – Names of the individuals that attended the RCC]</b>	