



## Verification Report – Benchmarking Producer

### Case AD0047: 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:AD0047@traderemedies.gov.uk">AD0047@traderemedies.gov.uk</a>
<b>Interested party verified:</b>	JCB do Brasil Ltda ("JCB Brazil")

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



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## Executive Summary

The Trade Remedies Authority (TRA) is conducting an anti-dumping investigation to determine whether dumping of Certain Excavators imported into the United Kingdom (UK) from China is occurring and causing injury to the UK excavator industry.

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

[AD0047 – Certain excavators from the PRC](#)

The Applicant has alleged that there is a Particular Market Situation in the PRC affecting the excavator industry. The TRA has therefore undertaken additional verification work on information provided by a representative Brazilian producer, JCB Brazil. The information provided by JCB Brazil may be used to make cost adjustments on any factors that we conclude a PMS exists and affects the cost and price of the like goods. We are publishing this verification report, so we are transparent on how we have obtained assurance on the data provided by JCB Brazil.

JCB Brazil is an associated company of the applicant (JCB Heavy Products Limited) and is a producer and exporter of the like goods operating in Brazil. It responded with a streamlined questionnaire ('questionnaire response') specific to our benchmarking exercise and co-operated fully with the investigation. The TRA conducted verification work on information provided by JCB Brazil to ascertain the completeness, relevance and accuracy of the information submitted in its questionnaire response.

- 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 its published and audited annual reports, JCB Brazil's website, 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 JCB Brazil 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 JCB Brazil 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 dumping has occurred and if this dumping 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 JCB Brazil. It details the conclusions reached regarding completeness, relevance, and accuracy of information provided, including an overall conclusion stating the level of assurance reached.



## **Confidential information**

JCB Brazil 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, JCB Brazil should delete or redact those sections and provide a non-confidential summary of the information 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 JCB Brazil in its questionnaire response is complete, relevant, and accurate.



## A. Company structure and associations

### What information was considered

We considered the following information from JCB Brazil's submitted questionnaire:

- Company details
- Organisational structure
- Board members and shareholders
- Associations
- Year of establishment
- Website
- Company's products

*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 JCB Brazil by examining sources such as its audited annual accounts and its website. We found the information from these sources to be consistent with the information provided by the company in its questionnaire response.

Basic company information has been confirmed for JCB Brazil, it is an associated company of JCB Heavy Products Ltd which is a UK producer in this investigation. The information it has provided about its business has been confirmed using independent sources, including the Sao Paulo state website.

The associated parties declared by JCB Brazil have been reviewed and the links it has declared have been reviewed as relevant and accurate.



JCB Brazil declares in its questionnaire [*Sensitive information removed – JCB Brazil's business operations*].

No undeclared associated parties were identified from reviewing a sample of JCB Brazil's raw material transactions.

*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 JCB Brazil 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
- 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 the company's accounting applications to gain an appreciation of the system and to assess the level of reliance to place on the data provided. JCB Brazil [*Sensitive information removed – JCB Brazil's business operations*].

We conducted a purchase process walkthrough. JCB Brazil showed us how each selected transaction was processed, step by step through the accounting system from inception to being recorded on the relevant ledger.

JCB Brazil demonstrated how information provided in the questionnaire response was [*Sensitive information removed – JCB Brazil's business operations*] and explained methodologies used for cost allocations where relevant.

We found no material risk factors when reviewing JCB Brazil's accounting systems.

*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

Based on the work performed, we have obtained a basic understanding of the relevant accounting and associated business systems of JCB Brazil. 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 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

We compared information submitted with other sources including JCB's own website.

Product listings from the JCB questionnaire response PCN's reconcile with weights from JCB's website.

It was noted that *[Sensitive information removed – JCB Brazil's business operations]*.

The internal coding system JCB Brazil uses *[Sensitive information removed – JCB Brazil's business operations]*. Each of the excavator's operating weights have been determined using *[Sensitive information removed – JCB Brazil's business operations]*. The assigned PCN for all models produced by JCB Brazil is correct.

Looking on the JCB Brazil website, we can see that all of the excavators have been recorded in JCB's questionnaire response. No other excavators were identified.



*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 JCB Brazil 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. Costs

### What information was considered

- Direct and indirect cost components
- Sample of raw material purchases
- Direct labour, administration, selling and general (AS&G) costs

*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

Upwards verification:

We noted that the financial accounting periods of JCB Brazil were *[Sensitive information removed – JCB Brazil's business operations]*. However, the POI ran from 1 July to 30 June. We therefore used *[Sensitive information removed – JCB Brazil's business operations]*.

The CTM for all goods sold during the POI was agreed to *[Sensitive information removed – JCB Brazil's business operations]*.

We checked that the Cost to Make (CTM) for the like goods as reported in the questionnaire annex agreed to *[Sensitive information removed – JCB Brazil's business operations]*, with no issues identified.

We checked the components of Cost to make and sell (CTMS) figures for all goods in questionnaire annex for completeness by comparing the amounts in the



questionnaire annex to *[Sensitive information removed – JCB Brazil's business operations]*, with no issues identified.

JCB Brazil demonstrated how it calculated the amounts reported in the questionnaire for the like goods, and how these amounts reconcile to *[Sensitive information removed – JCB Brazil's business operations]*. Based on its demonstrations we have reasonable assurance that the methodology is reasonable and accurately applied.

*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 costs provided by JCB Brazil 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 the investigation.

*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 JCB Brazil by comparing it with independent sources. We gained an understanding of JCB Brazil's like goods and reviewed accuracy of PCN allocation. During verification, we were able to reconcile information provided in questionnaire responses to the accounting systems. A sample of raw materials transactions were also traced back to source documents with no issues.

JCB Brazil 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 Meeting One day 4 <sup>th</sup> June 2024	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	<i>[Sensitive information removed – Personal information]</i>	<i>[Sensitive information removed – Personal information]</i>
Remote Verification Two days 11 <sup>th</sup> -12 <sup>th</sup> June 2024	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	<i>[Sensitive information removed – Personal information]</i>	<i>[Sensitive information removed – Personal information]</i>