



Authentication report – Domestic Producer Case SE0041: Extension Review of safeguard measures on certain steel products

Period of Investigation (POI):

1 April 2018 to 31 March 2023

Date of report:

08 February 2024

Case team contact details:

SE0041@traderemedies.gov.uk

Company authenticated:

Tata Steel UK Limited (TSUK)

Company address:

18 Grosvenor Place
London
SW1X 7HS
United Kingdom

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



Contents

Executive Summary	3
Purpose of authentication	4
Purpose of this report	4
Confidential information	4
Authentication	6
A. Company structure and associations	6
B. Goods	8
C. Sales	9
D. Costs	11
E. Injury and adjustment plans	13
F. Economic interest test.....	15
Conclusions	18
Annex 1: Meeting details	20



Executive Summary

The TRA are conducting an extension review to determine whether the expiry of the definitive safeguarding measure would likely result in a continuation or recurrence of serious injury to UK producers of the relevant goods, following the measure imposed as a result of the reconsideration of the transition review TF0006 from 1 July 2022, the SM0016 tariff rate quota review from 1 July 2022, the SM0019 tariff rate quota review from 1 July 2022, and the TQ0030 tariff rate quota review from 30 June 2023.

As part of the review, we sought to assess the accuracy of the information TSUK provided in its questionnaire response, which covered its company structure, its like goods, the cost of production and sales of those goods, and the potential injury and economic-interest effects of extending the measures or allowing the measures to expire.

To authenticate the information provided by TSUK, we have:

- compared questionnaire responses with other accompanying evidence and information from open-sources;
- checked information for internal consistency, consistency with audited financial statements and consistency with the responses from other interested parties; and
- assessed the relevant accounting systems to determine how much reliance we can place on data produced.

We conducted remote authentication meetings with TSUK (see [annex 1](#) for meeting details), as well as numerous desk-based authentication activities, including, but not limited to observation, confirmation, re-calculation and analytical review.

Based on the authentication activity that we have undertaken we have concluded that we have a reasonable level of assurance on the completeness, relevance and accuracy of the information provided by TSUK and we can use it for the purpose of this review without any adjustments. We have noted the claims made by TSUK about the potential impact of extending the existing safeguard measures or allowing



the existing safeguard measures to expire. Despite the limited supporting evidence in the public domain, it is reasonable to assume that TSUK has answered these questions based on its knowledge and understanding of the market. These claims will be considered alongside responses from other domestic producers to understand the position of the producers.

Purpose of authentication

The purpose of the TRA's authentication activity is to provide reasonable assurance on the questionnaire information and data provided by TSUK for use in this extension review. We will draw various levels of assurance on the completeness, relevance and accuracy of information deemed verifiable. Such data may then be considered in our assessments and analysis to determine whether the expiry of the definitive safeguarding measure would likely result in a continuation or recurrence of serious injury to UK producers of the relevant goods.

The activities undertaken did not seek to authenticate all information provided, but to undertake work considered appropriate and possible within the time constraints of the extension review in order to obtain a reasonable level of assurance on which to base a decision.

Purpose of this report

This authentication report documents the work the TRA have completed, the checks we have carried out and conclusions we have reached about the reliability of information provided by TSUK. It details any adjustments made to the data during the authentication process and forms the basis on which the interested parties can provide the case team with a non-confidential summary for general publication.

Confidential information

TSUK must provide a non-confidential version of the authentication report marked as "non-confidential" in the header of the non-confidential authentication report.



If any information contained in the confidential authentication report is considered confidential, the party 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 authentication report will be placed on the public file.



Authentication

Please find below a summary of work that has been completed and the checks that have been carried out by us to authenticate the information provided by TSUK in its questionnaire and annex response.

A. Company structure and associations

What information was authenticated

The TRA confirmed information provided by TSUK on the following areas:

- history of the company;
- principal activities;
- locations and functions;
- ownership, associations and interrelations;
- reliability of the financial statements; and
- financial year convention.

We reviewed TSUK's accounting systems and procedures to consider:

- accounting practices and policies;
- systems and processes for recording data; and
- integration and automation of accounting and other systems used.

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 authenticated

The TRA checked the information provided by TSUK relating to its company structure, function, locations, and history by examining third party and open-source information (for example, Companies House, news and industry publications etc.), as well as information published independently by TSUK (for example, company



websites, press releases etc.). We found the information from these sources to be consistent with the information provided in TSUK’s questionnaire responses.

We assessed the reliance we could place on the published financial statements by confirming that audited financial reports throughout the POI had been compiled by reputable accountants, and that the information contained within them relating to company structure and accounting policies is consistent with TSUK’s submission and publicly available information.

In a remote authentication meeting, TSUK explained its accounting systems and cost/profit centre arrangements, as well as the integration of different systems. The company’s representative provided a description of its internal management systems and walkthroughs of sample purchase and sales transactions. We compared these findings and explanations to previous permanent file notes for consistency and found no material changes or issues concerning systems interactions or procedures.

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

No exceptions were identified, and no adjustments to the TSUK submission were required.

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 we have done, we have a reasonable level of assurance that the company structure and associations information submitted by TSUK can be treated as complete, relevant, and accurate. The information can therefore be used by the TRA for the purposes of this extension review.

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

B. Goods

What information was authenticated

- Product definitions and internal coding system; and
- goods description and comparability to the definition of the like goods.

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 authenticated

The TRA analysed how TSUK assigned the products listed as like goods in the questionnaire annex. We carried out further checks against product descriptions provided with open-source material (for example, TSUK parent company Tata Steel Europe’s company website, other trade-related resources etc.) and other evidence submitted by TSUK during this review (for example, product catalogues, production processes etc.).

We ensured that TSUK had reported sales and costs for all relevant product categories within its questionnaire response by comparing the reported product categories with previous TRA casework and open-source material (for example,



Tata Steel Europe’s company website, other trade-related resources etc.). Our checks extended to ensuring that any products that ought to be included as part of the like goods had not been omitted from its submission.

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

No exceptions were identified, and no adjustments to the TSUK submission were required.

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 we have done, we have a reasonable level of assurance that information submitted in connection with goods by TSUK can be treated as complete, relevant, and accurate. The information can therefore be used by the TRA for the purposes of this extension review.

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

C. Sales

What information was authenticated



The TRA analysed the trends in the annex data that TSUK provided for sales by considering the:

- volume;
- value; and
- average price by customer type and market.

We also:

- assessed the reliability and completeness of sales figures for all goods reported in its questionnaire annex; and
- checked whether the proportion of the sales values were consistent with other information.

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 authenticated

The TRA checked total sales reported in the questionnaire response annex to audited financial statements and management accounts provided by TSUK. We confirmed that the TSUK reporting year aligns with the POI of the review and did not need to adjust its submission to reconcile submitted sales data to audited financial statements.

We considered how the total sales of the like goods, as reported in the questionnaire response, relate to TSUK's total sales revenues. We analysed sales data to identify trends and detect inconsistencies and, where necessary, requested management commentary and explanations to support and explain key trends and deviations.

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

No exceptions were identified, and no adjustments to the TSUK submission were required.

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 we have done, we have a reasonable level of assurance that the sales information submitted by TSUK can be treated as complete, relevant, and accurate. The information can therefore be used by the TRA for this extension review.

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 authenticated

The TRA authenticated the following:

- cost structure and cost components;
- cost allocation and relevant changes in accountancy policies; and
- any impacts of shared services, company associations and agreements with



suppliers.

We also assessed the reliability and completeness of cost data reported in TSUK's questionnaire annex.

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 authenticated

The TRA checked the total costs reported in the questionnaire response annex to audited financial statements, management accounts and other information provided by TSUK. We confirmed that TSUK's reporting year aligns with the POI of the review. As such, we were not required to adjust the submission using general ledger activity in order to reconcile its submitted cost data to audited financial statements.

We considered the relationship between total costs of the like goods, as reported in the questionnaire response, with total costs of the company as a whole. We analysed costs data to determine how total costs and costs per unit have developed throughout the POI and sought to highlight any anomalies which may require further investigation. Where necessary, we requested management commentary and explanations to support and explain key trends and deviations. We also considered the impact of shared services, agreements with associated parties and suppliers, and any changes in accounting policies.

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



No exceptions were identified, and no adjustments to the TSUK submission were required.

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 we have done, we have a reasonable level of assurance that the cost information submitted by TSUK can be treated as complete, relevant, and accurate. The information can therefore be used by the TRA for this extension review.

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

E. Injury and adjustment plans

What information was authenticated

The TRA considered the questionnaire injury annex data provided by TSUK, as well as data provided elsewhere in the company's questionnaire submission, in the following areas:

- production;
- capacity utilisation;
- employment numbers and salaries;
- productivity;
- profit margins (UK sales and third country sales);
- return on investment; and



- cash flow.

We also considered the adjustment plans set out by TSUK in its questionnaire response.

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 authenticated

The TRA analysed annex data relating to injury along with other data provided in the questionnaire response to TSUK’s audited financial statements and compared these data (sales, profits, production output, capacity utilisation, inventories, and employment) to management accounts, other management information and documentation provided by TSUK. Where necessary, we requested specific extracts and other explanations which we checked for consistency with the information submitted. Where judgement was required, for example in assessing the ratio of staffing levels to the production of like goods, we found the methodologies were reasonable and consistently applied.

We were unable to perform authentication on specific return on investment data in relation to only the like goods, as such information was not included in the completed annex. In addition, the heavily integrated nature of the production of like goods, as well as all other goods that fall outside the scope of the review, means that performance measures such as these cannot be reasonably obtained.

We reviewed adjustment plans for reasonableness and obtained evidence that sufficient action is being taken by TSUK to adjust to the expiry of the safeguard measures. Where possible, these plans have been compared and checked for consistency to public press releases and similar publicly available information concerning future strategic investments and restructuring.

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
No exceptions were identified, and no adjustments to the TSUK submission were required.
<i>If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see Confidential information):</i>
Conclusions
Based on the work we have done, we have a reasonable level of assurance that the injury information submitted by TSUK can be treated as complete, relevant, and accurate. The information can therefore be used by the TRA for this extension review.
<i>If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see Confidential information):</i>

F. Economic interest test

What information was authenticated
The TRA checked the locations in which TSUK operates against publicly available information.
We also sought to authenticate:
<ul style="list-style-type: none">• supply chain information;• turnover;• employment figures;• median wages;• manufacturing locations;• market share;• exports; and



- the relevance of the specified goods to TSUK’s operations.

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 authenticated

The TRA checked the economic interest test (EIT) factors reported in the questionnaire response annex to audited financial statements, management accounts and other extracts, evidence and explanations provided by TSUK. We also made reference to our authentication work for corresponding sections as detailed above. This included authentication of submitted employment information, sales forecasts, and injury information relating to the EIT.

Where procedures included evaluating statements made by TSUK in its questionnaire submission, we considered the reasonableness of these. These included statements concerning the impact of the measure on TSUK, the geographic regions it has operations in, and upstream and downstream industries. We also conducted quality checks on the information provided regarding the forecasted change in price and production should a safeguard measure be extended or allowed to expire.

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

No exceptions were identified, and no adjustments to the TSUK submission were required.

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 we have done, we have a reasonable level of assurance that the EIT information submitted by TSUK can be treated as complete, relevant and accurate. The information can therefore be used by the TRA for this extension review.

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

--



Conclusions

The TRA found no inconsistencies, omissions or errors concerning TSUK's history, principal activities, locations and functions, and its ownership and associations. Explanations provided by TSUK, as well as system walkthroughs delivered during remote authentication confirm that accounting systems are underpinned by sufficient review procedures and a satisfactory segregation of duties to maintain independence and accuracy. We also noted no recent material procedural changes compared with our knowledge of systems and procedures as per our permanent file records. TSUK's management information was assessed as being reliable for the purposes of extracting relevant data for the population of questionnaire responses.

The information relating to the like goods that we have been provided with by TSUK is consistent with our findings and knowledge of its product range. We found no examples of inconsistencies, errors, or omissions in terms of product scope, and noted no material concerns about internal coding systems and similar methodologies used to differentiate in-scope and out-of-scope products.

The trends observed in the sales data in the POI are consistent with management information and the statutory financial records of TSUK, as well as general industry and geopolitical developments. We found no material anomalies or inconsistencies concerning trend of sales value and volume. We reconciled TSUK's reported sales figures for the like goods to the total sales figures in the audited financial statements. We are reasonably satisfied that the sales data are complete. We found no significant anomalies or inconsistencies in the trend of sales value and volumes.

The trends observed in the cost data in the POI are consistent with the management and statutory records of TSUK, as well as general industry and geopolitical developments. We found no material anomalies or inconsistencies concerning cost trends. We also noted no material changes in accounting policies or internal systems and the methodologies used to extract cost data. Our analytical review findings were consistent with explanations obtained. We reconciled TSUK's reported costs figures for the like goods to the total cost figures in audited financial statements. We are



reasonably satisfied that the costs data provided as part of TSUK's annex submission are complete.

The information relating to the injury factors is reasonable and consistent with our knowledge of TSUK's operations during the POI and other evidence obtained throughout the investigation. Employment trends identified were reflective of the information in TSUK's audited financial statements and in line with developments across industry during the POI. Profit margins, productivity and capitalisation figures were consistent with our findings, as well as our expectations and knowledge of the industry and TSUK's operational environment in the period. We found no adverse findings concerning the injury data and explanations submitted and were able to conclude that extracts and explanations sourced from management information and other non-statutory documentation were presented fairly and reasonably. We were satisfied with the adjustment plans provided and that action is being taken to plan for the expiry of the safeguards measure.

The information relating to the EIT factors is reasonable. We found no errors, omissions or inconsistencies concerning TSUK's disclosures and responses concerning EIT factors and have concluded that TSUK's forecasts, in the event that the safeguard measures are extended or allowed to expire, are reasonable and can be utilised within the case when forecasting future effects on domestic sales and production.

We have obtained sufficient and appropriate evidence in order to authenticate the information provided by TSUK under all of the sections above. We have a reasonable level of assurance that the information is complete, relevant and accurate for the purposes of this extension review.



Annex 1: Meeting details

Date and duration	Type of authentication	Company representatives	TRA representatives
<p>11 December 2023, 9:30am-11:30am</p>	<p><input checked="" type="checkbox"/> Remote</p>	<p>[name redacted] Head of International Trade and Compliance [name redacted] Head of Accounting & Transactions Centre of Excellence [name redacted] Commercial Accountant [name redacted] Trade Accountant</p>	<p>[names redacted]</p>
<p>12 December 2023, 10:00am-1:00pm</p>	<p><input checked="" type="checkbox"/> Remote</p>	<p>[name redacted] Head of International Trade and Compliance [name redacted] Head of Accounting & Transactions Centre of Excellence [name redacted]</p>	<p>[names redacted]</p>



		Commercial Accountant	
--	--	--------------------------	--