



## Verification report – Overseas Exporter/Producer Case: AD0049: Suspension Poly Vinyl chloride (S-PVC) originating from the United States of America

<b>Period of Investigation (POI):</b>	01 January 2023 – 31 December 2023
<b>Injury Period:</b>	01 January 2020 – 31 December 2023
<b>Date of report:</b>	24 July 2024
<b>Case team contact details:</b>	<a href="mailto:AD0049@traderemedies.gov.uk">AD0049@traderemedies.gov.uk</a>
<b>Company verified:</b>	Formosa Plastics Corporation, USA

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



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## Executive summary

On 8 January 2024, the Trade Remedies Authority (TRA) initiated a new anti-dumping investigation for Suspension Poly(Vinyl Chloride) (S-PVC) originating from the United States of America (US).

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

[Case AD0049 – Public File.](#)

The Period of Investigation (POI) is from 1 January 2023 to 31 December 2023.

Formosa Plastics Corporation, USA (FPC USA) incorporating its manufacturing subsidiaries Formosa Plastics Corporation, Texas (FPC TX) and Formosa Plastics Corporation, Louisiana (FPC LA) a US producer and exporter of S-PVC (the goods concerned), returned completed confidential, and non-confidential US exporter (who exports) questionnaires, associated annexes and supporting documentation (“questionnaire”). The TRA sought to verify the completeness, relevance and accuracy of the data submitted for the purposes of this investigation.

We compared questionnaire responses and accompanying evidence against information from open sources, such as Companies House, and HMRC for information on the UK side, and on the US side, sources including The States of New Jersey, Texas and Louisiana web data, interested party web data, etc. Information was also checked for consistency with audited financial statements (where possible) and responses from other interested parties.

A walkthrough of FPC USA’s accounting systems was conducted online on 11 June 2024 to assess the level of reliance to place on data produced by them.

Verification was performed in person, on 16 July 2024 through to 23 July 2024 to assess the completeness, relevance and accuracy of the data provided in FPC USA’s questionnaire response and supporting documents.

We have no material concerns to report in respect of FPC USA’s questionnaire. We were able to verify material information provided by FPC USA in their questionnaire throughout the verification process. Where appropriate we designed tests of reasonableness and the results of these were in the bounds of acceptability for the purposes of the investigation.

Based on the verification activity undertaken, we concluded that there is a **reasonable level of assurance** on the completeness, relevance and accuracy of the information provided by FPC USA, and it can be used for the purpose of this investigation.



## Purpose of verification

The purpose of the TRA's verification activity is to provide the assurance that the information (data) provided by the interested party is verifiable and can be used. 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 injury is caused or likely to be caused to the UK industry by dumped imports of the goods concerned. The data may also be used for relevant calculations. This will form the basis for establishing appropriate measures where necessary, and to assess whether these are in the UK's economic interest.

We may carry out verification activity using desk research, remote analysis, and/or undertake work in person. The activity will not seek to verify all information provided but to undertake the work considered appropriate and possible within the time constraints of the investigation in order to obtain assurance on which to base a decision.

This verification report documents the work completed, the checks the case team carried out and the conclusions reached about the reliability of information provided by FPC USA.

## Confidential information

FPC USA must provide a non-confidential version of the verification report marked as "non-confidential" in the header of the non-confidential verification report.

If any information contained in the confidential verification report is considered confidential, FPC USA 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 FPC USA in their questionnaire response is complete, relevant, and accurate.

### A-I. Company structure and associations

What information was considered
<p>We considered the following from the questionnaire:</p> <ul style="list-style-type: none"> <li>• Company details</li> <li>• Organisational structure, management, and ownership</li> <li>• Associations with other companies</li> <li>• Accounting practices</li> </ul>
<p><i>If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see <a href="#">Confidential information</a>):</i></p>
How the information was checked
<p><b>Company Details</b>  FPC USA is a parent company of two S-PVC production facilities, FPC TX, with a production facility in Texas, and FPC LA, with a production facility in Louisiana. [redacted – confidential business information on corporate business structure]. The TRA compared information supplied by FPC USA to open-source online data, associated companies’ websites, The US states of New Jersey, Texas and Louisiana government portals, and industry websites. We found these details were consistent with information supplied in the FPC USA questionnaire.</p> <p><b>Organisational structure, management, and ownership</b>  FPC USA and its subsidiaries structure, management and ownership [redacted – confidential business information on corporate business structure]. We verified FPC USA’s management and ownership by comparing information submitted in the questionnaire with financial statements for the statutory year ending 31 December 2023. We found no inconsistencies.</p> <p><b>Associations with other companies</b>  FPC USA’s questionnaire listed the associated companies in the group structure. This information has been cross checked with publicly available information. We have reviewed both domestic and export sales listings to identify transactions with associated companies in the group structures.</p> <p><b>Accounting Practices</b></p>



The independent auditor’s report of FPC USA’s audited financial statements for year ended 31st December 2023 confirmed the financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and Interpretations.

The auditor’s report provides an unmodified opinion which demonstrates that the financial statements present a true and fair view of the company’s affairs.

**Systems Walkthrough**

On 11 June 2024, the TRA remotely conducted a walkthrough of FPC USA’s accounting systems:

[redacted – confidential business information on accounting systems]

The TRA selected two transactions from the questionnaire annex (one for sales and one for purchases) and FPC USA walked through the accounting system for these. Supporting documentation for each transaction was viewed from order to payment confirmation. The purchase of material was traced to the purchase order through the accounting system for a product and subsequent payment to the supplier. The TRA also followed the sale through to the receipt of payment for the invoice from the customer. The data, supported by source documentation, tracked through the accounting system, together with their described system processes, gave us confidence that the sources of data used by FPC USA would support verification.

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

The redacted information is by nature confidential and its disclosure may give a significant advantage to competitors.

**Exceptions/Findings/Adjustments**

No issues were found with the data presented and checked. No adjustments or amendments are required.

*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 FPC USA is verifiable. Based on the work done, 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 dumping and injury assessments and for any other purpose within the investigation.

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



A-II. Goods

What information was considered

We examined the following from the questionnaire, annex and supporting documents:

- Description of the goods under investigation and comparability to the like goods and other goods sold by FPC USA
- Product Control Number (PCN) allocations
- FPC USA’s Internal Coding System.
- The US and UK market for the 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 checked

**Goods description and comparability to the goods under investigation and other goods sold by FPC USA**

We gained an understanding of FPC USA goods concerned, like goods and other products sold by FPC USA. During the site visit on 16 July 2024 we visited the Point Comfort, FPC TX production facility which produces other products as well as the goods under investigation, S-PVC. During verification we were able to run through the products produced, by both FPC TX and LA and sold both in the US domestic market and the UK. We confirmed that FPC USA’s like goods meet the goods description for S-PVC.

**PCN Allocations**

In this investigation only one PCN was identified – S-PVC. Therefore, if the good is S-PVC, it is in scope. No separation of the goods was required beyond this. We cross checked FPC TX and LA’s products in the sales listing to confirm that the description matched technical sheets for each grade of S-PVC sold. We found no errors or inconsistencies.

FPC TX and LA provided [confidential – commercially sensitive information regarding waste products].

**Internal Coding System (ICS)**

FPC USA uses brand names for the types of S-PVC they produce and sell. The ICS for the product identifies the brand name of the product and then a numerical value to represent the K value of the grade. We were able to check the product descriptions with the technical sheets for the products. We found no incorrectly categorised products. FPC USA’s other product sales have been correctly identified and not listed in the goods concerned for UK export sales or in the like goods for the US domestic.



**The US and UK market for the goods**

We cross checked the information relating to the US domestic market and UK market for the goods sold by FPC USA, as outlined in their questionnaire, with various upstream and downstream producer websites. We also compared this to information held by subscription-based data providers. We found no issues with the information supplied by FPC USA.

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

The redacted information is commercially sensitive and its disclosure may give a significant advantage to competitors.

**Exceptions/Findings/Adjustments**

We found no issues with the data presented and checked. No adjustments or amendments 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**

The information relating to the company's goods provided by FPC USA is verifiable. Based on the work done, 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 dumping and injury assessments and for any other purpose within the investigation.

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## B. Sales

### What information was considered

#### Upward Verification:

- Sales data for the like goods and goods concerned.
- Audited financial statements.
- Trial Balances
- Management accounts

#### Downward verification

- Transaction-by-transaction domestic US sales data for the like goods
- Transaction-by-transaction export sales data to the UK for the goods concerned
- Sales source documentation, such as purchase/sales order, order confirmation, invoices, transportation, packing and payment remittances/bank reconciliation.
- Internal accounts system data – accounting system walkthrough
- Rebates and price reductions
- Management accounts

*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 performed upwards verification (procedures designed to consider the completeness of data provided to us by FPC TX and FPC LA) by reconciling data presented in the questionnaire annexes to the audited financial statements. We observed how the data reported in the annexes for the goods concerned and like goods had been retrieved from the accounting system and identified that this was done without manual intervention. We reconciled the sales of the goods concerned and like goods reported in the annex to both FPC LA and FPC TX trial balances and to the consolidated financial statements using the consolidation schedule.

#### Downwards Verification

We performed downwards verification to ensure the sales data provided by FPC USA was reconcilable to source documentation. We requested source documentation associated with a sample of sales transactions and FPC USA demonstrated its internal accounting system in reference to these transactions during verification. We gave forward notice of some of the transactions and chose additional transactions without notice, to test during in-person verification.

Transaction selection was based on the accounting system walkthrough findings and the analysis of questionnaire annex sales data. The transactions chosen were spread across the POI (and covered both production sites: FPC TX and FPC LA) to provide assurance



on unit prices over time and between production sites and customers. Transactions were chosen to provide a broad range of customers, transaction sizes, and spread throughout the POI.

We received supporting documents for each transaction, that allowed us to review the sales process from inception to payment.

All documents provided matched to sampled sales transactions; we also matched the details selected for testing to the original purchase/sales orders and/or similar source documentation for all the sampled transactions, including transactions selected live during in person verification.

We checked for price reductions and rebates (including [redacted – commercially sensitive information]) and confirmed that the net price, after any discount was applied, was the price listed in the sales transaction listings.

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

The redacted information is commercially sensitive and its disclosure may give a significant advantage to competitors.

### Exceptions/Findings/Adjustments

There were no exceptions, findings, and/or adjustments to report with regards to the sales of the goods.

*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 FPC USA is verifiable. Based on the work done, 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 dumping and injury assessments and for any other purpose within the investigation.

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## C. Fair comparison

### What information was considered

We considered data in respect of the following:

- Discounts and rebates
- Credit
- Transportation, insurance, handling
- Packaging Costs
- Commissions
- Level of trade
- Differences in physical characteristics

*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

#### **Discounts and rebates**

Sales invoices, contracts and bank payments were checked and compared to the annex data provided by FPC USA. [redacted – commercially sensitive information]

#### **Credit:**

We tested the credit terms detailed in the annex data by sampling a selection of transactions. We compared sales invoices to contracts for different customers, and at different production sites. We found the data matched. We also compared the interest rates charged for credit with alternative commercial rates and noted the allocation of the rate given by FPC USA. We found the rate given was applied correctly and was reasonable.

#### **Transportation, insurance and handling:**

We tested the transportation charges detailed in the annex data for both domestic sales and export sales. We tested a sample of invoices over a range of customers and sales volumes. We found the cost data provided matched the annex data. [redacted – commercially sensitive information] This allowed us to make adjustments where necessary to be able to compare sales at the same level of trade for calculation purposes.

#### **Packaging costs:**

We tested the packaging charges, [redacted – commercially sensitive information]. We obtained evidence of the charges from a variety of suppliers, as well as in-house costs. We were able to see how packaging location and charges differed and how this compared to the sales model.

#### **Commissions**

[redacted – commercially sensitive information]. This was consistent with disclosures made in the annex data provided by FPC USA.

#### **Level of trade**



We reviewed the adjustments that FPC USA requested under level of trade, and the application of the calculation they had applied. [redacted – commercially sensitive information] We tested the calculation used to provide a level of trade adjustment for different customer types. We found the methodology and data to be reasonable.

**Differences in physical characteristics**

FPC USA accepted that the product both its production sites produce is of an equivalent quality/grade, it sells both domestically and on the export market, and that there was no difference in the physical characteristics of the product produced for either the domestic or export market.

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The redacted information is commercially sensitive and its disclosure may give a significant advantage to competitors.

**Exceptions/Findings/Adjustments**

There were no exceptions or findings to report with regards to the sales of the goods.

Adjustments that needed to be made in relation to transportation [redacted – commercially sensitive information] and packaging [redacted – commercially sensitive information] were identified to ensure that when comparisons were carried out between sales types those comparisons were fair.

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

The redacted information is commercially sensitive and its disclosure may give a significant advantage to competitors.

**Conclusions**

The information relating to fair comparison provided by FPC USA is verifiable. Based on the work done, 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 dumping and injury assessments and for any other purpose within the investigation.

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



## D-I. Costs

### What information was considered

We considered data in respect of the upwards verification for completeness and downwards for relevance and accuracy of the following areas:

- Direct and indirect cost components
- Sample of relevant cost components – major inputs, direct labour, manufacturing overheads etc
- Depreciation and amortisation policies and methods
- Administrative, Selling and General Costs
- Associated party transactions
- Extraordinary costs
- [redacted – commercially sensitive information]

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

The redacted information is commercially sensitive and its disclosure may give a significant advantage to competitors.

### How the information was checked

#### **Upwards Reconciliation:**

Through this process, we checked the completeness of FPC USA's cost of production data reported for the goods concerned and like goods by reconciling the cost of production provided in the questionnaire annexes to its consolidated financial statements and trial balance. FPC USA provided a detailed explanation of how it obtained the data from its accounting system. We reconciled the data in the annex to the individual company trial balances for both FPC LA and FPC TX and to the consolidation schedule. In the process of carrying out the reconciliation, we identified various issues that were resolved during the verification visit. [redacted – commercially sensitive information]. All these issues were addressed during verification and FPC USA provided reasonable responses to our queries.

#### **Direct and indirect cost components**

We assessed the methodologies used to allocate raw material costs to different products. We also scrutinised the internal process for agreeing and approving transfer prices. We are of the view that these methodologies are fair and have been applied consistently, resulting in a fair allocation of costs between business units. [redacted – commercially sensitive information]

High-level re-calculations have been performed to reconcile general ledger activity back to internal memos and contracts regarding agreed unit prices. We also considered consistency of procedures beyond the POI by testing an earlier month within the broader injury period. We are satisfied that raw materials have been allocated to the goods under review correctly, using suitable methodologies in a consistent manner.

#### **Sample of relevant cost components – major inputs, direct labour, manufacturing overheads etc:**



[redacted – commercially sensitive information]. We tested a sample of costs from invoice to the general ledger and found that data matched.

Direct labour was tested with other labour inputs and compared to payroll summaries. We saw the division of labour via the general ledger splits to other business areas. We found data matched to the annex data provided.

**Depreciation and amortisation policies and methods:**

We tested the methodology used for depreciation, which is consistent with standard industry practice. The methodology had not changed over the injury period. [redacted – commercially sensitive information]. We found no errors or any other issues concerning the policies applied.

**Associated party transactions:**

We identified associated parties to FPC USA and used this data to compare sales between independent and associated companies. [redacted – commercially sensitive information]. Parties that were associated were clearly marked in the questionnaire annex for both FPC TX and LA.

**Administrative, Selling & General Expenses and allocation method:**

We performed both downward and upward verification for the main expense types for AS&G. We satisfactorily reconciled AS&G costs to FPC USA accounts. We received supporting documents for sampled transactions that allowed us to see the process through each step. All documents matched, and we were able to follow the order to payment process through the accounts system. We viewed the accounts and the general ledger breakdowns behind the headline numbers provided in the annex for AS&G. [redacted – commercially sensitive information].

**Extraordinary costs:**

We identified several cost headings that were extraordinary. [redacted – commercially sensitive information]. We were able to follow the costs through the accounting system. We did not agree all such extraordinary costs or offsets against costs were relevant to the investigation. These elements were highlighted, and requests made to omit them for calculation purposes.

[redacted – commercially sensitive information].

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

The redacted information is commercially sensitive and its disclosure may give a significant advantage to competitors.

**Exceptions/Findings/Adjustments**

There were no exceptions or findings to report with regards to the costs of the goods.

Adjustments that needed to be made [redacted – commercially sensitive information] were agreed to ensure comparisons were fair.

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



The redacted information is commercially sensitive and its disclosure may give a significant advantage to competitors.

### Conclusions

The information relating to costs provided by FPC USA is verifiable. Based on the work done, 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 purpose of this investigation.

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



D-II. Performance

What information was considered

We considered data in respect of the following:

- Profit and loss
- Production capacity
- Stocks
- Profitability

*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

**Profit and loss:**

We reviewed both management accounts and financial statements for FPC USA. Financial statements [redacted – commercially sensitive information]. Data reviewed matched the annex data for both production sites.

**Production capacity:**

FPC USA production capacity and their production volumes provided in the questionnaire annex matched the data within the company’s accounts. We verified the method for calculating capacity and consider it acceptable.

**Stocks:**

FPC USA provided production data for both sites as well as sales data. We reconciled sales to the accounts, as well as the production data, which corroborated the stock figures provided. No material errors were found, minor differences identified were because of [redacted – commercially sensitive information].

**Profitability:**

We examined profitability using the underlying data split between like goods and goods concerned, and other goods. Totals were reconciled back to the 2023 profit and loss account and trial balance, which resulted in immaterial differences.

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The redacted information is commercially sensitive and its disclosure may give a significant advantage to competitors.

Exceptions/Findings/Adjustments

There were no exceptions, findings, and/or adjustments to report with regards to performance.

*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 performance provided by FPC USA is verifiable. Based on the work done, 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 purpose of this investigation.

*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 has completed verification of the data provided by FPC USA and its subsidiaries FPC TX and FPC LA for use in our investigation. While there were some minor areas where we were not able to reconcile fully back to source documents, these areas were not crucial for the investigation, and we accepted the information as presented.

The verification of the information relating to product descriptions, allocation of PCN codes, internal coding system and market for the goods was found to be accurate. We were able to reconcile sales data and cost to make data back to FPC USA's financial statements, trial balance data and/or management information, as well as tracing sample transactions through to the appropriate source documentation.

We identified areas where adjustment was required in respect of AS&G costs, and [redacted – commercially sensitive information]. We were able to verify the adjustments required using the data provided.

In summary, the TRA have obtained sufficient and appropriate evidence to conclude that, following some adjustments to be made in relation to 'cost to make', 'AS&G' and 'transport and packing', the information provided by FPC USA relating to company operations, goods, sales, costs, performance and fair comparison is complete, relevant, and accurate, and can be used for the purpose of this investigation.



## Annexes

### Annex 1: Meetings

Date and duration	Type of authentication	Company representatives	TRA representatives
[redacted – conduct of investigation]	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[personal data]	[personal data]
[redacted – conduct of investigation]	<input type="checkbox"/> remote <input checked="" type="checkbox"/> on-site	[personal data]	[personal data]
[redacted – conduct of investigation]	<input type="checkbox"/> remote <input checked="" type="checkbox"/> on-site	[personal data]	[personal data]