



Anti-Subsidy Investigation: Application form

When you have completed this form, indicate the **confidentiality** of this document by placing an X in the relevant box below:

- Confidential
 Non-Confidential – will be made publicly available

Please note that you will have to provide **two copies of your response** – a **Confidential** and a **Non-Confidential version**. Both copies should be returned to TRID using the Trade Remedies Service (www.trade-remedies.service.gov.uk).



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Instructions

About us

The Trade Remedies Investigations Directorate (TRID) is part of the UK's Department for International Trade. It carries out trade remedies investigations to find out if a new trade measure may be needed to counter dumped or subsidised imports or a sudden surge in imports.

The legislative framework that TRID operates under is found in the [Taxation \(Cross-border Trade\) Act 2018](#) ('the Act') and the [Trade Remedies \(Dumping and Subsidisation\) \(EU Exit\) Regulations 2019](#) ('the Regulations').

About you

You can apply to us to open an investigation if you are a UK producer of goods or a representative of a UK producer and you have evidence of unfair trade practices relating to the dumping or subsidy of goods imported into the UK.

You must provide sufficient evidence of dumped or subsidised goods being imported in the UK and that the dumped or subsidised imports have caused or are causing injury to the UK industry (in compliance with the Act)

You can find out more about our remit and how we work by reading our guidance on [trade remedies investigations](#).

About this form

Complete this form and the relevant annexes if you want to apply for a new anti-dumping or subsidy investigation. This form will give us the information we need to decide whether to initiate an investigation into your concerns. You can find more information on how we [assess applications](#) in our guidance.

You must submit your application online through the Trade Remedies Service (<https://www.trade-remedies.service.gov.uk>). When you submit your application, you must also submit a non-confidential version (including the annexes) which doesn't contain any data you think is sensitive (for instance, commercial data about your company), as we are required to publish a copy of the application form. You can find out more about [what can be considered confidential and how to prepare a non-confidential version of your documents](#) in our guidance.

If you are considering submitting an application and would like to discuss it with someone first, please email contact@traderemedies.gov.uk. You can find more on completing this application in our [Pre-Application Office](#) and [application assessment](#) guidance.



If you have any issues or queries about using the Trade Remedies Service, please email help@traderemedies.gov.uk.

What happens next

Once you have completed this application form you can share a confidential version with the Pre-Application Office to get feedback before you formally submit your application. When you formally submit your application, you will need to submit a confidential and a non-confidential version of this form. Please upload these through our Trade Remedies Service at www.trade-remedies.service.gov.uk.

Once you have done this:

- you will receive an email confirming the documents have been uploaded successfully;
- the assessor(s) of your application will contact you if further information is required; and
- the assessor(s) of your application may contact you to arrange a visit to verify the information contained in your responses.

How to complete this application form

Please read and follow all the instructions carefully. You will need to provide evidence to support your concerns. You may need to attach supporting documents in appendices to supplement the answers you give.

Please also note the following points:

- Try to avoid leaving any questions blank. If the question isn't relevant to you, please try to explain why.
- If the answer to a question is "zero", "no", "none" or "not applicable", please write this rather than leaving the answer blank.
- If you feel you can't present the information as requested, please contact the Pre-Application Office by emailing contact@traderemedies.gov.uk.
- If there is not enough space in any part of the application form to provide a full answer, please attach appendices. Please ensure that any attachments are given a corresponding appendix reference in the title of the document and that these are referenced in the boxes provided.
- If you include any documents not in English, please provide an English translation.
- Provide all dates in the format DD/MM/YYYY (e.g. 23/05/2019).



- For all numerical figures, where appropriate please express every third number with a comma (e.g. '1,300' for one-thousand three hundred, '1,300,000' for one million and three-hundred thousand).
- Limit all sales/currency/income figures to two decimal places and use the appropriate currency symbol (e.g. £1,300.00).
- All figures should be reported net of tax unless otherwise stated.
- For definitions of the incoterms used throughout this document, please visit the [International Chamber of Commerce](#).



A. About the Goods

This section of the application form is about the imported goods you want us to investigate. These imported goods will be referred simply to as 'the goods'.

You can only ask us to investigate imported goods if you (or the industry you represent) produce 'like goods'. Like goods are defined as goods which are similar to the goods under investigation in all respects or have characteristics which closely resemble them. When we decide what are like goods, we will consider the following non-exhaustive list of criteria:

- physical likeness, such as physical characteristics
- commercial likeness, including competition and distribution channels
- functional likeness, such as end-use or if the goods can be substituted for each other
- similarities in production, such as method and inputs
- other relevant characteristics

A.1. The Imported Goods

1. Describe the imported goods you are concerned about (if possible, please attach digital versions of images, brochures, catalogues, etc which show the goods in question).

<i>This Application concerns imports of self-propelled track-laying (i.e., tracked) excavators with a 360° revolving superstructure and with an operating weight of 11,000 kg (i.e., 11 tons) or more ("Excavators").</i>

<i>Sample brochures for some of the imported Excavators are enclosed.</i>

Appendix reference: A.1.001-A.1.008

2. Explain where the imported goods you are concerned about are being exported from.

<i>This Application concerns imports of Excavators originating in the People's Republic of China ("PRC").¹</i>

Appendix reference: N/A

¹ For ease of reference, this Application, including Appendices, refers to "Chinese Excavators."



3. Provide the tariff classification(s) for the imported goods.

*Chinese Excavators are currently classified under commodity code 84295210, which covers "Self-propelled track-laying excavators, with a 360° revolving superstructure."
Commodity code 84295210 also covers some out-of-scope excavators, such as so-called mini excavators, which have a lower operating weight than Excavators.*

Appendix reference: N/A

4. Give details regarding whether the imported goods are currently subject to any anti-dumping/countervailing/safeguard measures or ongoing investigations in other countries.

*To the best of JCB Heavy Products Limited's (the "**Applicant**") knowledge, Chinese Excavators are not currently subject to trade remedy measures or ongoing trade remedy investigations in other countries.*

Appendix reference: N/A

A.2. The Like Goods

1. Describe the like goods produced by the UK industry (if possible, attach digital versions of images, brochures, catalogues, etc).

*The like goods produced by the UK industry are Excavators as described in **Section A.1.1** above.² Brochures for a sample of UK Excavators are enclosed.
[Sensitive information removed – Applicant's business operations]*

Appendix reference: A.2.001-A.2.007

A.3. Comparability between the Goods

1. Explain how the like goods produced by the UK industry are like the imported goods. Please cover the following aspects of the goods.

The physical, technical, chemical and any other characteristics that describe the goods – explain any differences:

Chinese Excavators and UK Excavators are like.

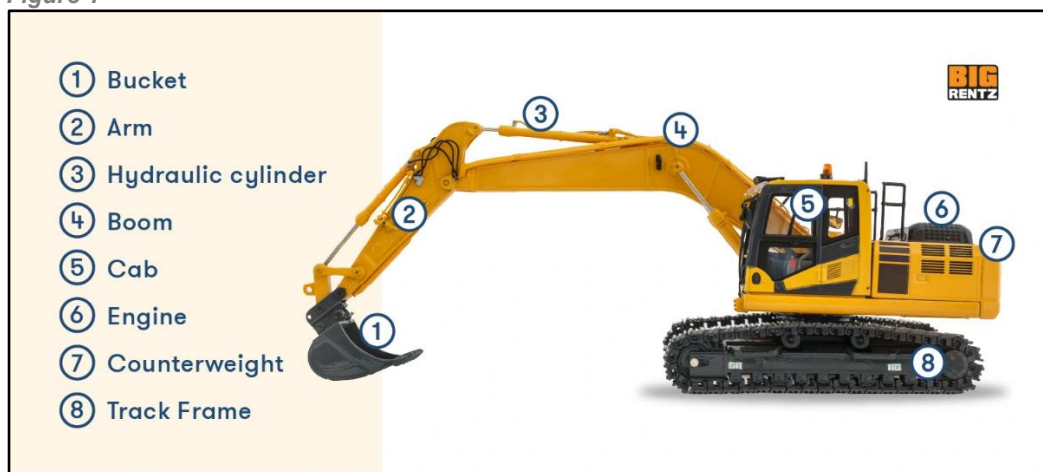
² For ease of reference, this application refers to "UK Excavators."



As detailed below, there are no differences in the physical and technical characteristics of Chinese Excavators and UK Excavators. In addition, these Excavators have the same end uses.³

- **Physical and technical likeness:** Chinese Excavators and UK Excavators share the same physical characteristics. They consist of the same main parts, as illustrated in **Figure 1** below:
 - Track frame (or 'tracks' or 'undercarriage')
 - Counterweight
 - Engine
 - Cab
 - Boom
 - Hydraulic cylinder
 - Stick (or 'arm' or 'dipper')
 - Bucket

Figure 1⁴



The bucket can be replaced with other attachments, such as a breaker (to break hard surfaces) or a clamp (to pick up materials too large for a bucket).

A dozer blade is typically optional. The blade is mounted in front of the tracks, as illustrated in the red circle in **Figure 2** below.

³ There are no relevant chemical characteristics or other characteristics that describe the goods for the purpose of the like goods analysis.

⁴ Image source: BigRentz, Appendix A.3.001.



Figure 2⁵



There are many other optional add-ons (or attachments) for Excavators. They can be purchased separately either from Excavator manufacturers or from third parties. This includes larger, costly items, such as demolition booms,⁶ or special buckets.⁷

The technical capabilities of Chinese Excavators and UK Excavators are, by and large, the same.

- **End uses:** *Chinese Excavators and UK Excavators have the same end uses.*

Primarily, Excavators are earth-moving machines. However, they are versatile machines that can also be used for other purposes (including by replacing the bucket with other attachments), such as breaking up concrete or moving large objects. Excavators are used in construction and maintenance works, such as home building, road maintenance, or civil infrastructure works.

Appendix reference: N/A

2. If the goods can be subdivided into separate models – provide details about each of the models, such as their product literature and technical documentation:

Basic operating weight is the primary differentiator between in-scope Excavators and determines the key "models" in the Excavator market.

⁵ Image source: SANY Europe, Appendix A.3.002.

⁶ See, e.g., Victory Construction Equipments, High reach demolition boom/front, Appendix A.3.003.

⁷ See, e.g., JCB, Excavator buckets, Appendix A.3.004.



In short, larger Excavators are able to dig deeper holes and/or do so faster than smaller Excavators. Customers will typically select an Excavator based on the weight that is best-suited to address their precise needs.

The importance of weight is reflected by the use of the approximate operating weight in Excavator model names. For instance, the SY155U Excavator produced by SANY Heavy Industry Co. Limited ("SANY") in the PRC has a basic operating weight of 15.4 tons (without blade).⁸

The market distinguishes between four main basic operating weight 'segments' for in-scope Excavators:

- *Small: <15 tons*
- *Medium: ≥15 but <20 tons*
- *Large: ≥20 but <30 tons*
- *Extra-large: ≥30 tons*

Appendix reference: N/A

3. Give the tariff classification of the goods (customs commodity code) – if there are multiple models, provide the customs commodity code for each model:

Chinese Excavators and UK Excavators are currently classifiable under commodity code 84295210.⁹

Appendix reference: N/A

4. Summarise the production process of the goods in the UK and in the exporting country/countries. Make sure you explain if there are different production processes within the UK and/or the exporting country/countries concerned:

Chinese Excavators and UK Excavators are produced using the same or similar production methods and inputs.

The Applicant produces Excavators [Sensitive information removed – Applicant's business operations]. The Applicant has around [Sensitive information removed – Applicant's business operations] suppliers of components. The key inputs for building Excavators are hydraulics, the cab, the undercarriage, the tracks, direct labour, freight on inputs, major fabrications (large metal manufactured components, such as boom or dipper), minor fabs (small metal manufactured components, such as brackets or mounting plates), and engines and engine installation. A key basic raw material for many inputs is steel.

⁸ See Appendix A.1.002 – SANY SY155U brochure, p. 5.

⁹ As concerns Chinese Excavators, see also Section A.1.3 above.



Further, the Applicant [Sensitive information removed – Applicant's business operations].

Chinese Excavator manufacturers likely purchase many inputs locally in the PRC. Some inputs are purchased from unrelated suppliers. For instance, SANY appears to purchase engines from Isuzu and Cummins (both of whom manufacture in the PRC).¹⁰ Other inputs are likely sourced from related entities and/or produced in-house.

Appendix reference: N/A

5. Provide a general description of the UK market for the goods including the nature and conditions of competition within the overall market. In your answer please refer to:
- general users/consumers/customers;
 - market segmentation;
 - government regulation or tax;
 - distribution and marketing (for example, how is the product sold and is quality or price the deciding factor);
 - the nature of competition within the overall market;
 - the degree of price sensitivity;
 - the trends and drivers of demand, including causes of demand fluctuations and any factors contributing to overall market growth or decline;
 - developments in technology affecting the characteristics, demand or the production process of the goods;
 - other commercially significant goods which could be substituted for your goods and the goods being imported into the UK; and
 - any other factors that influence the market.

After making some general comments (Section I), the Applicant addresses the various elements of the UK Excavator market set out in the question (Sections II-XI).

Section I: General comments on the UK Excavator market

The UK Excavator market is a mature market in which there has historically been significant competition between imported Excavators, primarily from the EU, Japan,

¹⁰ See Appendixes A.1.001 - A.1.003 – SANY brochures, p. 1.



and South Korea (and, to a lesser extent, the U.S.), and UK Excavators. In the mid-2010s, Chinese Excavator manufacturers slowly started penetrating the UK market.

The first Chinese Excavator manufacturer to enter the UK market was Guangxi LiuGong Machinery Co. Limited ("**LiuGong**") in 2013.¹¹ In the course of the 2010s, LiuGong managed to carve out a share of the market through its UK presence, LiuGong Machinery (UK) Limited ("**LiuGong UK**").

The second Chinese Excavator manufacturer to enter the UK market was SANY. SANY started selling on the UK market in 2015.¹² While SANY's first attempts at selling on the UK market were cautious, from 2020 onwards, SANY started aggressively marketing its Excavators in the UK. SANY's UK expansion strategy was underpinned by the establishment of SANY Heavy Machinery (UK) Limited ("**SANY UK**") as a UK base.¹³

Together, LiuGong and SANY have used injuriously low prices to consistently undercut established Excavator producers, such as the Applicant. Chinese Excavator prices have become particularly injurious in recent years, which prompted this Application. The Applicant provides more details in **Section G.1** below.

As to the other elements of the UK Excavator market listed in the question above, the Applicant notes the following:

Section II: General users/consumers/customers

In general, UK users of or customers for Excavators are companies active in:

- Housebuilding and groundworks
- Civil construction and roadbuilding
- Waste and recycling
- Demolition
- Landscaping
- Irrigation

Section III: Market segmentation

As set out in **Section A.3.2** above, the UK Excavator market is segmented according to basic operating weight, as customers select an Excavator model based on the weight needed to meet the customer's needs. For instance, customers active in housebuilding and groundworks typically use in-scope Excavators with a basic operating weight in the Small segment (<15 tons), while customers active in larger civil construction and roadbuilding typically opt for models in the Medium segment (≥15 but <20 tons).

Section IV: Government regulation or tax

Government regulation or tax do not play a particular role in the UK Excavator market, as UK manufacturers, dealers, and end consumers of Excavators do not need any relevant authorization.



That said, UK Excavator manufacturers are required to adhere to strict safety and environmental standards, such as engine emission standards. An important environmental standard is the 'Stage V' emission standard, which requires engines to be more environmentally friendly.

UK imports of Excavators generally benefit from a 0% import duty.¹⁴ This is also the case for imports from the PRC.

Section V: Distribution and marketing

Excavator manufacturers typically use a network of dealers to distribute and market Excavators to customers. In some cases, Excavator manufacturers also make direct sales to customers.

[Sensitive information removed – Applicant's business operations]

To the Applicant's best knowledge, Chinese Excavators are typically sold on the UK market using a similar order flow via dealers. Some Chinese Excavators are sold directly to consumers via UK-based related entities.¹⁵

As concerns stocks, [Sensitive information removed – Applicant's business operations]. Some dealers might prefer keeping significant stocks, whereas others might prefer keeping little stocks. For instance, one UK dealer of Chinese Excavators said that it has "machines in stock and a steady stream of machines coming direct from China."¹⁶ Another Chinese Excavator dealer said "we carry the full range of machinery in stock."¹⁷ This stock suggests Chinese Excavator manufacturers are pushing sales.

Section VI: Competition within the overall market

*As noted in **Section I** above, there has traditionally been a fair amount of competition on the mature UK Excavator. Until the advent of dumped and subsidised Chinese Excavators, the key players in the UK market were companies manufacturing Excavators in the UK, the EU, Japan and South Korea. The rise in dumped and subsidised imported goods from the PRC upsets the UK market, as Chinese Excavator manufacturers seek to grab market share by pushing sales through injuriously low prices.*

Section VII: Pricing, contract terms, and price sensitivity

¹¹ *Earthmovers, LiuGong enters the UK market with exciting new dealership agreement, 2013, Appendix A.3.005.*

¹² *Agg-net, SANY appoint new East Anglian dealer, 2020, Appendix A.3.006.*

¹³ *See SANY UK, Certificate of Incorporation, Appendix A.3.007.*

¹⁴ *With the exception of imports from Belarus and Russia. See UK Integrated Online Tariff, Commodity code 8429521000, Appendix A.3.008.*

¹⁵ *See LiuGong, About LiuGong Direct UK, 2020, Appendix A.3.009; Agg-Net, Banner appointed as SANY dealer, 2020, Appendix A.3.010; Plant Classifieds, Sany UK and Ireland, undated, Appendix A.3.011.*

¹⁶ *Project Plant, SANY aiming to be number one in UK, 2021, Appendix A.3.012.*

¹⁷ *Orrell Group Plant, SANY North West dealers, undated, Appendix A.3.013.*



[Sensitive information removed – Applicant's business operations]

Sub-section VII.D: Price sensitivity

The price sensitivity for Excavators is high: price is a highly relevant factor in any consumer's choice to buy an Excavator, particularly where there is a large differential. For that reason, customers often request quotes from multiple Excavator manufacturers.

Other factors that play a much less important role in the buying decision are performance, quality and reliability, versatility, serviceability, safety/security, ease of use, and the operator's environment (i.e., the cab), the dealer support network, aftermarket support and vehicle off road support.

Section VIII: Trends and drivers of demand

The UK Excavator market is generally growing. That said, the market size depends on general factors such as the state of the economy, as well as on market segment-specific factors, such as whether there are large construction projects (for larger Excavators) or whether the housing market is buoyant (for smaller Excavators).

The market for Excavators is not typically subject to seasonality or similar business cycles.

Section IX: Developments in technology affecting the characteristics, demand or the production process

*The Applicant is constantly striving to improve its Excavators by using the latest technology (for instance *[Sensitive information removed – Applicant's business operations]*) and to comply with the latest regulatory requirements (for instance *[Sensitive information removed – Applicant's business operations]*).*

These technological developments do not materially alter the characteristics, demand or production process of Excavators.

Section X: Other commercially significant goods which could be substituted for the Applicant's goods and the imported goods

Excavators manufactured in the EU, Japan, and South Korea are substitutes for Excavators manufactured in the UK or in the PRC.

For some discrete tasks, smaller Excavators could in theory be replaced by other vehicles, such as backhoe loaders, telescopic handlers, or out-of-scope excavators (e.g., wheeled excavators or mini excavators). Doing so always entails a significant compromise (e.g., in operating cost or efficiency), and therefore these products are not viable, real-world substitutes for in-scope Excavators.

Section XI: Any other factors that influence the market

N/A

Appendix reference: N/A



6. We give goods in our investigations Product Control Numbers (PCNs) which are identifiers unique to our work and are created on the basis of the main characteristics differentiating the goods from other goods. We use PCNs to allow comparison between products made by domestic and foreign producers. The accuracy of TRID's PCN structure is directly proportionate to information supplied by the applicant. If the goods concerned covers a range of goods with different characteristics that would affect comparability:
- Please describe the key physical characteristics that have a consequential and material effect on prices, with the list of characteristics going from most to least consequential
 - Please provide evidence to substantiate that these physical characteristics have a consequential and material effect on prices. This evidence could be in reference to specific unit costs, if those costs effect price comparability
 - Use this information to delineate between models of not only the goods produced by the UK industry, but by the exporting producers, giving the information requested in the subsequent sections in refence to each model rather the goods category as a whole. The annex will indicate where information is being asked for on an individual model basis.
 - If you already have a view on a PCN structure, please propose that here.

*As explained in **Section A.3.2** above, the physical characteristic that has the most consequential effect on prices and that is the differentiating factor between Excavator models is its basic operating weight.*

Smaller excavators are cheaper to produce, primarily because they require less raw materials (e.g., steel, fasteners) and smaller and/or less powerful (and thus cheaper) parts (e.g., tracks, engines).

Therefore, the Applicant considers that the PCN structure should distinguish between Excavators on the basis of basic operating weight:

Table 1 – Proposed PCNs		
<i>PCN</i>	<i>Description</i>	<i>Basic operating weight</i>
<i>S</i>	<i>Small Excavators</i>	<i><15 tons</i>
<i>M</i>	<i>Medium Excavators</i>	<i>≥15 but <20 tons</i>
<i>L</i>	<i>Large Excavators</i>	<i>≥20 but <30 tons</i>
<i>XL</i>	<i>Extra-Large Excavators</i>	<i>≥30 tons</i>

Given the relatively low number of sales in the UK Excavator market and the large number of configurations available for purchase (e.g., air conditioning for the cab, dozer blades or not, and different sizes of track shoes), the Applicant considers that



it is not useful to add further PCNs. Instead, any differences in physical characteristics relevant to the calculations (e.g., any costly attachments or options) should be addressed through adjustments.

Appendix reference: N/A



B. About the Application

Individuals or groupings of companies, individuals and trade bodies can all be applicants. Generally, an industry that is concerned about a set of imported goods should make only one application to us for an investigation. When we assess your application, we will consider information about all the companies which make up the group that is applying. When you are answering questions about the goods you produce, please include information about the goods produced by all the companies and individuals who are submitting this application.

B.1. Applicant Information

Name of Applicant

The Applicant's name is JCB Heavy Products Limited. The Applicant manufactures in-scope Excavators, as well as out-of-scope excavators.

The Applicant is part of the JCB Group, which was founded in the UK in 1945 by Joseph Cyril Bamford as a one-man operation in a garage in Uttoxeter, Staffordshire.

Through innovation (such as developing the world's first backhoe loader, the world's safest skid steer, and the world's first true wheeled excavator), ambition, and hard work, the JCB Group has grown radically over the past 75 years.

Today, the JCB Group manufactures a wide range of vehicles for use in construction, agriculture, demolition, and waste management, such as Excavators, dumpsters, forklifts, handlers, and loaders.

These vehicles are produced in [Sensitive information removed – Applicant's business operations].

The JCB Group has been chaired by Lord Bamford since 1975.

Address

Lakeside Works, Rocester, Uttoxeter, Staffordshire, ST14 5JP

Email

[Sensitive information removed – Personal data]

Telephone

[Sensitive information removed – Personal data]

Contact Name



[Sensitive information removed – Personal data]

Company Ownership (provide broad details of shareholding)

[Sensitive information removed – Personal data]

Name of Lawyer/Representative

[Sensitive information removed – Personal data]

B.2. Period of Investigation

For the subsequent sections, please use the same 12-month period for every question and indicate below which 12-month period you are using. This period should not end more than six months before the date this application is submitted. This period will be referred to as 'the period of investigation (POI)' for the rest of the application. The 36-month period preceding the POI, will be referred to as the injury period. Please indicate the 12-month POI in the box below.

The POI is 1 July 2022 to 30 June 2023.

For the injury period, the Applicant proposes using 1 January 2019 to 31 December 2022 for the following reasons.

- *[Sensitive information removed – Applicant's business operations].*
- *The number of transactions in the Excavator market is relatively small (as the per unit value of an Excavator is high), and the market is untransparent. The available information about the market (e.g., press releases, news reports, annual reports, etc.) report on calendar years. This militates in favour of using calendar years.*
- *2020 was an anomalous year as a result of the COVID-19 pandemic. Many figures for 2020 are unrepresentative. This militates in favour of adding an additional year to the injury period.*

Please give the volume and value of like goods you produced in the UK for the POI.

See Annex 1.



C. About Other Interested Parties

C.1. UK Producers

Your application must be supported by other UK producers who represent at least 25% of total UK production. This is based on production physically located in the UK. The level of support for the application must be greater than the level of opposition among UK producers.

If there are other UK producers, you will need to contact them and ask them whether they support or oppose this application. Please attach their written responses to your application OR their details should be provided below. Use a separate table for each producer.

We understand that other producers may be concerned about providing confidential information for this form. If necessary, you can ask an independent third party to confidentially combine information from the individual companies. Alternatively, the other producers can send the information separately to TRID for us to combine.

UK producer	
Legal name of company:	<i>Komatsu UK Limited ("Komatsu")</i>
Name (point of contact):	<i>[Sensitive information removed – Personal data]</i>
Role:	<i>Managing Director</i>
Address:	<i>Durham Road, Birtley, Chester-le-Street, County Durham DH3 2QX</i>
Telephone No:	<i>+44 19 14 10 31 55</i>
Email:	<i>N/A</i>
Company website:	<i>https://www.komatsu.eu/en/company/komatsu-uk</i>
Goods produced	
Please list all the UK-made goods this producer makes which are sold on the UK market and are like the imports this application is about	
<i>Komatsu manufactures in-scope Excavators that are like Chinese Excavators and like Excavators manufactured by the Applicant. The in-scope Excavators that Komatsu appears to manufacture in the UK include the following models:¹⁸</i>	
<ul style="list-style-type: none"> • <i>PC170</i> • <i>PC210</i> • <i>PC230</i> • <i>PC240</i> • <i>PC290</i> 	

¹⁸ See Komatsu, Homepage, 2021, Appendix C.1.001; Komatsu, Standard Crawler Excavators, 2021, Appendix C.1.002.



- PC360
- HB365
- PC490

To the Applicant's best knowledge, [Sensitive information removed – Applicant's market knowledge].

Komatsu might manufacture out-of-scope excavators in the UK.

In financial year 2022 (1 April 2021 to 31 March 2022), 25% of Komatsu's total sales, including any out-of-scope excavators, were to the UK. The total turnover generated from these sales to the UK was approx. GBP 73,000,000.¹⁹ This figure may include out-of-scope excavators.

As noted in **Section D.1** below, Komatsu generally manufactures less Excavators than the Applicant in the UK. There is no reason to assume this would have been different in the POI. In addition, the Applicant manufactures more than 25% of the total UK production of Excavators. It follows that Komatsu's position regarding this Application is not legally relevant and, given the business sensitivity of the Application, the Applicant has not asked Komatsu for its position regarding this Application.

Further, as noted in **Section D.3** below, Komatsu has three subsidiaries in the PRC that manufacture Excavators. Publicly available information suggests that at least one of these subsidiaries exports goods to the UK.²⁰ This may call into question whether Komatsu can be considered to be part of the UK industry for the purpose of this Application.²¹

Position regarding application (delete as applicable)	<i>Undeclared</i>
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¹⁹ See Komatsu, Annual Report and Financial Statements, 31 March 2022, Appendix C.1.003, p. 20.

²⁰ See S&P Global Market Intelligence / Panjiva, Supply chain intelligence for Komatsu Shantui Construction Machinery Co., Ltd., Appendix C.1.004.

²¹ See Regulation 29 of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019.



C.2. Other Parties

1. Provide details of all known producers/exporters in the exporting country or producer/exporter associations in the exporting country, including:

Name:	<i>SANY (i.e., SANY Heavy Industry Co. Limited)</i>
Address:	<i>SANY Industrial Park, Economic and Technological Development Zone, Changsha, Hunan, China, 410100</i>
Email:	<i>sales@sanyglobal.com CRD@sany.com.cn</i>
Telephone Number:	<i>+86 73 18 58 35 199 +86 40 06 09 83 18</i>

Name:	<i>LiuGong (i.e., Guangxi LiuGong Machinery Co. Limited)</i>
Address:	<i>No.1 Liutai Road, 545007 Liuzhou, Guangxi, China</i>
Email:	<i>overseas@liugong.com</i>
Telephone Number:	<i>+86 77 23 88 61 25</i>

SANY and LiuGong are currently the Chinese manufacturers/exporters with the most significant sales to the UK Excavator market. That said, other Chinese producers also market in-scope Excavators in the UK, such as:

Name:	<i>Sunward Equipment Group</i>
Address:	<i>Sunward Industrial Park, No. 1335 Liangtang Road (E), Xingsha, Changsha, Hunan, China</i>
Email:	<i>international@sunward.cc</i>
Telephone Number:	<i>N/A</i>

2. Provide the details of all known importers of the goods in the UK or any associations of importers in the UK, including:

Name:	<i>SANY UK (i.e., SANY Heavy Machinery (UK) Limited)</i>
Address:	<i>Unit 6, M8 Interlink Estate, Coatbridge, Glasgow, ML5 4RP</i>
Email:	<i>info@sanyuk.com</i>
Telephone Number:	<i>+44 33 02 02 13 18</i>
Contact person (if available)	<i>N/A</i>
Nature of their business (retailer/agent etc)	<i>Related importer</i>



Name:	<i>LiuGong UK (i.e., LiuGong Machinery (UK) Limited)</i>
Address:	<i>3 Bolde Close, Portsmouth, PO3 5RD</i>
Email:	<i>info@liugong.co.uk</i>
Telephone Number:	<i>+44 23 92 12 33 92</i>
Contact person (if available)	<i>N/A</i>
Nature of their business (retailer/agent etc)	<i>Related importer</i>

Name:	<i>J Mac – Sunward UK</i>
Address:	<i>White House Farm, Malt House Lane, Earlswood, B94 5DX</i>
Email:	<i>sales@sunwardexcavators.com parts@sunwardexcavators.com</i>
Telephone Number:	<i>+44 15 64 33 66 33</i>
Contact person (if available)	<i>N/A</i>
Nature of their business (retailer/agent etc)	<i>Sole Sunward distributor for UK & Ireland</i>

3. Provide the details of all known suppliers, users and consumers of the goods in the UK, or associations of suppliers, users or consumers including:

The names of and contact details for the Applicant's mainland UK and Northern Ireland dealers, who are Applicant's first independent customers, are:

[Sensitive information removed – Applicant's business operations and personal data]

The end customer market for Excavators is highly fragmented, as many end customers buy a single or very few Excavators.



D. Representativeness

D.1. Summary of UK Producer support or opposition for this application

We need to know about the total volume of UK production for UK markets by the producers who support your application. **Please complete Annex 1**, which will guide you through the calculation of whether representativeness requirement is met in terms of volume and value. If any figures are estimates, please explain how you worked out this information.

See Annex 1.

There are only two UK Excavator manufacturers: the Applicant and Komatsu. The Applicant reported its own production and the value thereof.

To estimate Komatsu's production volume and the value thereof, the Applicant relied on Komatsu's website, which suggests that it manufactures "+1,100 units" per year in the UK.²² Although it appears that Komatsu also manufactured out-of-scope excavators, the Applicant takes a conservative approach and considers that Komatsu manufactured 1,100 Excavators in the POI in the UK. To estimate the value of these Excavators, the Applicant used the average unit value of the Excavators that it manufactured in the POI.

D.2. Market Share

1. The applicant UK industry/industries should have at least a 1% share of the UK market for the goods, irrespective of where the goods were produced. Please demonstrate this by **completing Annex 2**. If you have other specific market share information, please also provide that.

See Annex 2.

As an initial point, the Applicant notes that there is no publicly available information about the size of the UK Excavator market, including on the volume of imports.

*As noted in **Section A.1.3** above, commodity code 84295210 covers Excavators but also out-of-scope excavators. In addition, UK Trade Info import statistics for goods imported into the UK is based on the country of dispatch and not the country of origin.²³ This explains why these statistics report significant import values from*

²² See Komatsu, Homepage, 2021, Appendix C.1.001.

²³ UK Trade Info, Get help with using our data, 2023, Appendix D.2.001.



Belgium, in which there is no Excavator production.²⁴ Further, there are Excavator manufacturers who finish Excavators manufactured outside the EU in the EU (e.g., assembling imported sub-assemblies)²⁵ before exporting them to the UK.

To estimate the size of the UK market and the market share of the UK industry, the Applicant relied on the best available data, which is its down data for its sales plus for all other manufacturers data provided by [Sensitive information removed – Copyrighted material, the disclosure of which would be a breach of copyrights], an independent data processing company that collects, aggregates, and delivers market information for industry segments using leading-edge technology. This data is copyrighted and should be kept confidential, as should the source for the data. For competition law purposes, the most recent available market data is for 2021. Data for 2022 is expected to become available only in 2024. Using market data for 2019-2021, the Applicant extrapolated 2022 data using Excel's exponential triple smoothing (ETS) forecast algorithm.²⁶ To estimate values, the Applicant used the average value of its own production.

As noted, the Applicant only sells Excavators manufactured in the UK on the UK market. Thus, its entire market share stems from UK production.

2. Please note that the requirement can be waived in certain circumstances, for example if your application is about imports preventing a UK industry from being established for a 1% market share. If you think the requirement should be waived, explain why.

N/A

D.3. Related Persons

If you know that the Applicant or any other known UK producer of the goods is related (as defined under [Regulation 128](#) of the Customs (Import Duty) (EU Exit)

²⁴ UK Trade Info, Import statistics for commodity code 8429521000, Appendix D.3.001, sheets "Pivot value – All – 2019-POI," "Pivot net mass - All - 2019-POI," "Pivot unit - All - 2019-POI" and "Source data - All - 2019-POI".

²⁵ See, e.g., *The Construction Index, Hitachi pulls back from European production*, 29 May 2020, Appendix D.3.002. The Applicant does not know whether Chinese Excavator Manufacturers use a similar strategy.

²⁶ See below, **Section G**.



Regulations 2018 (a)) to an exporter or an importer of the goods, describe the company and the relationship.

The Applicant is not related to an entity that exports Excavators to the UK or imports Excavators into the UK.²⁷

*As noted in **Section C.1** above, Komatsu imports Excavators into the UK. Komatsu is related to Komatsu Limited, a Japanese company that manufactures Excavators. Some of these Excavators manufactured in Japan are imported into the UK.*

*Further, according to Komatsu's website,²⁸ Komatsu is related to Komatsu (Changzhou) Construction Machinery Corp. and Komatsu Shantui Construction Machinery Co., Ltd. ("**Komatsu Shantui**"), which are Chinese companies that produce "Medium sized hydraulic excavators" and to Komatsu (Shandong) Construction Machinery Corp., a Chinese company that produces "Small and medium sized hydraulic excavators." It appears that approx. 5% of Komatsu Shantui 's exports are to the UK.²⁹ The Applicant does not know whether these exports include Excavators.*

²⁷ [Sensitive information removed – Applicant's business operations].

²⁸ Komatsu, *Global Operations, China, Manufacturing*, undated, Appendix D.3.003.

²⁹ See S&P *Global Market Intelligence / Panjiva, Supply chain intelligence for Komatsu Shantui Construction Machinery Co., Ltd.*, Appendix C.1.004.



E. About the Allegedly Dumped Imports You Want Us to Investigate

See *Anti-Dumping Investigation: Application Form in case C184*.

Complete this section if you are making an application for a dumping investigation.

Please give us all the information you can about the imported goods you believe are being dumped and the injury being caused to UK industry.

E.1. Sufficiency Test

Please note that we may reject your application if there is not sufficient evidence of dumping or injury. Evidence of dumping is insufficient if the margin of dumping is less than 2% of the export price (minimal).

1. List all countries (or territories) where the imported goods are produced (country of origin) and the countries (or territories) from which they are exported to the UK, if this is different.

2. **Complete Annex 2**, giving the volume and value of the imported goods for the POI, to demonstrate percentage of total imports.
3. Provide details and evidence of how the volume and value of dumped imports have been calculated.

E.2. Normal value

Normal value refers to the domestic price that the imported goods are normally sold for on the domestic market in their country of export. This value should then be adjusted for costs arising after the ex-works (EXW) level (and any other factors that need to be considered) to make a fair comparison with the export price.

If your complaint concerns more than one exporting country, calculate the normal value for each country



There are several different methods for calculating normal value, with the appropriate method being determined by the circumstances of trade between the exporting country and the UK, and the nature of exporting country's economy.

Therefore, when you tell us the normal value of the goods, you will also need to explain which method you are using to calculate it and why.

The methods are:

- 'Comparable Price', this is the price of the goods in the ordinary course of trade in the home market of the exporting country;
- Constructed Normal Values in the country of export based on the cost of production, plus reasonable amounts that would have been incurred on a domestic sale in the country of export for administrative, selling and general expenses and for profit;
- 'Sales made to a third country by the exporter', provided this amount is representative of the domestic selling price in sales in the country of export (provide evidence to support this); or
- If none of the above is possible, establish the normal domestic value from the best information available to you and provide this information to us, along with an explanation of the approach you have adopted. Alternatively, if prices in the exporter's domestic market are unavailable and it is not possible to construct a normal value, please contact TRID to discuss further options.

Where possible, you should calculate normal value using the 'Comparable Price' Method. However, there are situations where this would be inappropriate, and so one of the alternative methods should be used. This includes situations where:

- the goods are not sold in the ordinary course of trade in the domestic market of the exporting country;
- these sales on the domestic market of the exporting country sales don't allow a proper comparison with their sales on foreign markets because of:
 - a particular market situation;
 - low volume of sales in the domestic market of the exporting country;
- the overseas exporter does not sell these goods in their domestic market;
- the imports are from a particular foreign country – this is a specific term defined under [Regulation 14 of the Dumping & Subsidy Regulations](#) which means that it's difficult to use prices of goods in that country as a fair comparison.



More information on each of these conditions and when they apply can be found in [our guidance on dumping investigations](#).

E.2.1. Method

Please indicate below the method you have used for calculating normal value of the imported goods. If you have used an alternative basis to comparable price (e.g. constructed normal value), please explain why you believe it isn't appropriate to use comparable price and provide your evidence to support this.

Please give the normal value calculations using the appropriate section below, making sure to use the section relevant to the method you have described in this section. Delete tables for any methodologies you are not using.

The evidence you provide of normal value should, as far as possible: be representative of different product types or models within the goods you are applying to us to investigate, if there are substantial differences in the normal value between these product types and models; and relate to normal value spread over the POI.

E.2.2. Comparable Price

Prices should be net ex-works (EXW) and exclude all internal taxes, such as VAT. If EXW prices are not available e.g. if Cost Insurance and Freight (CIF) or Free On Board (FOB) prices are the only ones available, these prices should be adjusted to bring them to a net ex-works level. If using this method, **please complete Annex 3**.

E.2.3. Constructed Normal Value

Please complete Annex 4, explaining how each cost was calculated including:

- materials;
- direct labour;
- overheads;
- administration, sales and general expenses (ASG), excluding transport costs; and



- the reasonable profit margin in the country of origin.

Where there is a particular market situation, make adjustments to elements of cost or profit that are not substantially determined by market forces. For further information, see our guidance on [adjusting costs when constructing normal value](#) or contact our Pre-Application Office (contact@traderemedies.gov.uk)

For any of the above methodologies, attach supporting documentation for the prices, costs and any adjustments (see below) you have made. This can include:

- price lists;
- price quotations;
- sales invoices for domestic sales;
- sales correspondence;
- publicly available material containing information on domestic selling prices; and
- market surveys.

E.2.4. Selling Price from Exporter to a Third Country

If this is the preferred method, **please use Annex 3**, indicating here which country you are using, and amending the listed adjustments to better reflect the adjustments made. Prices should be net ex-works (EXW) and exclude all internal taxes, such as VAT. If EXW prices are not available e.g. if Cost Insurance and Freight (CIF) or Free On Board (FOB) prices are the only ones available, these prices should be adjusted to bring them to a net ex-works level

E.2.5. Appropriate Third Country

This method is only available for particular foreign countries as defined under [Regulation 14](#) of the D&S Regulations.



1. Nominate an appropriate third country so you can establish normal values based on their selling prices.

2. Explain your basis for selecting this third country.

3. **Please use Annex 3** to calculate the Normal value based on the third country data, amending the listed adjustments to better reflect the adjustments made. Prices should be net ex-works (EXW) and exclude all internal taxes, such as VAT. If EXW prices are not available e.g. if Cost Insurance and Freight (CIF) or Free On Board (FOB) prices are the only ones available, these prices should be adjusted to bring them to a net ex-works level

E.3. Export price of the goods

The export price is the selling price of the goods from the exporting country to a UK importer or a third party for export to the UK. This is adjusted to account for export costs and calculated back to the ex-works export price in the country of export. In most cases, you can base the export price on the price charged by the exporter to an unrelated importer in the UK. If your complaint concerns more than one exporting country, calculate the export price for each country

However, you may need to construct export price based on sales to first independent buyers or another reasonable method if:

- there is no export price;
- the price is unreliable due to an association or compensatory arrangement between the exporter and UK importer or third party.

Before providing the export price of the goods, please explain which basis you are using to calculate this and why. If you have constructed the export price, please give your reasoning for doing this and evidence to support this.



Please give your export price calculations in the appropriate table below. Make sure you use the basis you described above and delete tables for any methodologies you are not using. Please note that whichever methodology you use, you will need to provide an export price on a CIF and EXW level. You should use price information from the POI.

The evidence you provide of the export price should, as far as possible:

- be representative of different product types or models within the goods you are applying to us to investigate, if there are substantial differences in the normal value between these product types and models; and
- relate to normal value spread over the POI

If either/both of these are not possible, please explain why. If you consider that export prices would not have varied significantly over the last year and so prices over the period outlined above would not be relevant for establishing representative export prices, please explain why you consider that to be the case.

E.3.1. Export Price Based on the Selling Price of the Goods from the PRC to a UK Importer or a Third Party for Export to the UK

Provide the export prices of the allegedly dumped goods using Annex 5 Evidence and individually itemise the costs subtracted from this selling price to bring it back to an ex-works level, such as publicly available freight rates. Explain how the amounts were established.

Provide documentary evidence for the selling price to the importer in the UK, such as:

- sales invoices;
- written offers;
- price quotations;
- sales correspondence; or
- official statistics.

--

E.3.2. Constructed Export Price



Calculate the constructed export price(s).

You may need to adjust for any costs included in the selling price which relate to the movement of the goods to the UK. If you are using sales to the first independent buyer as a basis for constructing, establish the details of the first sale to an independent buyer in the UK and deduct taxes, costs, charges, expenses and profit margins to obtain an ex-works price in the country of origin.

If there are different models or types of product for the imported goods, please construct a price for each one. Provide each adjustment separately. If your starting point is a CIF value, you will only have to find and deduct costs incurred by the exporter in the country of export from CIF back to the ex-works level.

Provide evidence to show how you have calculated or estimated the export prices. Include all the evidence you have on the resale price of the imported goods in the UK. Provide the basis for the costs and profits subtracted from this selling price to bring it back to an ex-works level such as published industry mark-ups or publicly available freight rates and give evidence to support each cost adjustment.

E.4. Fair Comparison

To achieve an appropriate price comparison, the export price and the normal value should be compared at a fair level, in terms of their basic physical and chemical characteristics and the terms and conditions of sale. To achieve this comparison, please adjust your calculations to account for any differences which affect price comparability. This means that the comparison should be made at the same level of trade (such as wholesale or retail), at ex-factory level (EXW), and where possible, at the same time.

For certain types of adjustment, only the normal value may need to be adjusted. Sometimes both the normal value and export price will need to be adjusted. Use the table of adjustments below to check if the adjustment can be applied to export price or normal value or both. For more information, please consult our [fair comparison guidance](#).

Table of adjustments	Export Price	Normal Value
Physical characteristics	No	Yes
Import charges and indirect taxes	No	Yes
Discounts, rebates, quantities	Yes	Yes



Level of trade	No	Yes
Transport, insurance, handling	Yes	Yes
Packing	Yes	Yes
Credit	Yes	Yes
After sales costs	Yes	Yes
Commissions	Yes	Yes
Currency Conversion	Yes	Yes

1. Provide the relevant adjustments so you can compare the export price and normal value.

2. Provide, for all adjustments you make, the following:
 - details of the differences that resulted in an adjustment;
 - details of how you produced the estimate of the allowances for the differences; and
 - supporting evidence concerning these differences.

E.5. Dumping Margin

If the overall dumping margin calculated across all product types/models and across all transactions is **less than 2%**, the Regulations consider this to be minimal and we cannot initiate an investigation.

1. Calculate the dumping margin. **Complete Annex 7**, repeating the calculation for each different model of the imported goods you have previously identified. Make sure you do this for each export price you have provided and for the normal value you have provided which is most closely comparable to that export price. If your complaint concerns more than one exporting country, calculate the dumping margin for each country.

If the normal value or the export price (or both) you have used was not an ex-works price, please describe the level of trade it relates to.



F. Subsidised Imports

Complete this section if you are making an application for a subsidy investigation.

In order for us to investigate whether the goods are subsidised, we must be satisfied that the application contains enough evidence:

- that the goods are being imported
- that the goods are subsidised
- that the goods are causing injury to UK industry
- that the volume of goods and injury is more than negligible and the amount of subsidy is more than minimal
- that the market share is met or waived.

'Minimal', for developed countries, means a subsidy amount that is less than 1% of the estimated value of the goods (2% in the case of a developing country).

'Negligible' is where the exporting country accounts for less than 3% of imports of the goods in question into the UK (less than 4% in the case of a developing country). The other exception to this is where the exporting countries individually account for less than 3%, but collectively account for more than 7% of imports of the goods being imported.

F.1. Volume of subsidised imports

1. List all countries (or territories) that export the goods to the UK, noting whether they are the country of origin or just the exporting country; in the latter case, please provide the identity of the country of origin.

To the best of the Applicant's knowledge, the subsidised Excavators originate in and are exported from the PRC.

Appendix reference: N/A

2. **Complete the Annex 2**, giving the volume and value of the imported goods for the POI, to demonstrate percentage of total imports.

See Annex 2.

3. Provide details and evidence of how the volume and value of subsidised imports have been calculated.



See the response to **Section D.2.1** above.

Appendix reference: N/A

F.2. Countervailable subsidies in the exporting country

A subsidy exists if there is a financial contribution by a foreign authority which confers a benefit on the recipient (usually an industry or business manufacturing goods) or a form of income or price support received from a foreign authority which confers a benefit on the recipient. Forms of income and price support are defined in [Article XVI of the General Agreement on Tariffs and Trade 1994](#) (part of Annex 1A to the WTO Agreement).

Not all subsidies are countervailable. A subsidy is countervailable if it is specific to certain companies or industries (rather than general) and when it is granted either directly or indirectly for the manufacture, production, export or transport of goods.

Please refer to our guidance on [How we carry out a subsidy investigation](#) for further information.

1. Using the table below, list all known countervailable subsidy programmes in the exporting country which relate to the production and/or sale of the goods you are asking us to investigate. Subsidy programmes can include, but are not limited to:
 - Grants
 - Loans and loan guarantees
 - Tariff/tax exemptions (including VAT/Sales Tax)
 - Debt for equity swaps
 - Land use rights
 - Export credits and financing
 - Equity infusions
 - Provision of goods and services
 - Purchase of goods
 - Income or price support arrangements.



Subsidy programmes

#	Subsidy name	Subsidy type
1	Grants	<i>Direct or potential transfers of funds or liabilities</i>
2	Loans, export credit, credit lines and bank acceptance drafts	
3	Equity infusions	
4	Income tax reductions	<i>Revenue otherwise due that is foregone or not collected</i>
5	Land use tax exemption	
6	VAT refunds	
7	VAT exemption on imported equipment and technology	
8	Tax exemption for policy-based relocation	<i>Provision of goods and services at less than adequate remuneration</i>
9	Provision of steel at less than adequate remuneration	
10	Provision of land use rights at less than adequate remuneration	
11	Provision of energy at less than adequate remuneration	
12	Provision of export credit insurance at less than adequate remuneration	
13	Provision of shipping and logistics services at less than adequate remuneration	<i>Various</i>
14	Other subsidies provided in special economic zones	

+Add/remove additional rows as required.

To understand if there has been a financial contribution, we need to identify if:

- there has been a direct transfer of funds from a foreign authority, including making money and financial resources available;
- there has been a potential direct transfer of funds from a foreign authority, including a commitment to transfer funds;
- revenue that is rightfully due to government has not been collected (waived or deferred), including, taxes, debt, derivatives, or dividends;
- goods and services have been provided for by a foreign authority, at a lower amount than normally would have been paid;
- goods were purchased from a producer by a foreign authority, that artificially increases the revenue gained from selling the goods; or
- a foreign authority has:



- made payments through a financial mechanism, or
 - entrusted or directed a private body to carry out any of the above functions.
2. For all subsidy programmes listed above, please explain and provide documentary evidence of the subsidy programme (the financial contribution), including:
- the subsidy programme's commencement date;
 - the subsidy amount or value; and
 - the frequency of subsidy i.e. one-off or re-occurring.

*In view of the large number of subsidy programmes that benefit Chinese Excavator manufacturers, Applicant has compiled the information requested in **Appendix F.2.001**.*

Appendix reference: N/A

3. For all subsidy programmes listed above, please explain and provide documentary evidence that the subsidy has been (or is still being) provided by a foreign authority.

*In view of the large number of subsidy programmes that benefit Chinese Excavator manufacturers, Applicant has compiled the information requested in **Appendix F.2.001**.*

Appendix reference: N/A

As well as establishing that a subsidy is in place, we need to understand the benefit it confers on the recipient. A benefit cannot exist theoretically – it has to be received by a recipient. It is important to note that the recipient of the benefit doesn't necessarily need to be the same recipient that received the financial contribution. For example, a subsidy provided to an upstream industry provides a benefit to a downstream industry.

4. For all subsidy programmes listed above, please explain and provide documentary evidence of the effect of the subsidy on the production and sales of the goods being imported to the UK.

*In view of the large number of subsidy programmes that benefit Chinese Excavator manufacturers, Applicant has compiled the information requested in **Appendix F.2.001**.*

Appendix reference: N/A



5. For all subsidy programmes listed above, please explain and provide documentary evidence of the specific nature of the subsidy, including:
- conditions of eligibility to receive the subsidy;
 - all known recipients of the subsidy;
 - whether the subsidy is only available to certain regions or territories within the exporting country.

*In view of the large number of subsidy programmes that benefit Chinese Excavator manufacturers, Applicant has compiled the information requested in **Appendix F.2.001**.*

Appendix reference: N/A

F.3. Calculating how much subsidy the imported goods attract

We need to understand the amount of subsidy which the subsidised imports receive. If we establish that a measure is needed to counteract the injury the goods are causing to the UK market, this will help us determine what sort of measure to recommend and at what level.

To make this calculation, we will need to establish:

- the total amount of the countervailable subsidy;
 - the amount of the countervailable subsidy that can be attributed to the POI; and
 - which goods the countervailable subsidy can be allocated to during the POI.
1. For all subsidy programmes listed above, please explain and provide documentary evidence about the total amount of countervailable subsidy that the imported goods attract. You will need to explain the calculation methodology used. It is the benefit to the recipient that matters, not the cost (or opportunity cost) to the foreign authority. You should refer to our [How we assess the benefit a subsidy provides](#) guidance to understand what is required.

*In view of the large number of subsidy programmes that benefit Chinese Excavator manufacturers, Applicant has compiled the information requested in **Appendix F.2.001**.*

Appendix reference: N/A



2. For all subsidy programmes listed above, please explain and provide documentary evidence relating to the amount of the countervailable subsidy that can be attributed to the period of investigation, including the calculation methodology you used. You should refer to our guidance on [Determining the amount of the subsidy that can be attributed to the period of investigation](#) when completing this section.

*In view of the large number of subsidy programmes that benefit Chinese Excavator manufacturers, Applicant has compiled the information requested in **Appendix F.2.001**.*

Appendix reference: N/A

3. For all subsidy programmes listed above, please explain and provide documentary evidence relating to the goods the countervailable subsidy that can be attributed to during the period of investigation, including any calculation methodologies used. You should refer to our guidance on [Determining the amount of the subsidy that can be attributed to the period of investigation](#) when completing this section. We will be specifically looking at whether the subsidy is linked to the export of certain goods, the sale of certain goods, or to sales to a certain market.

*In view of the large number of subsidy programmes that benefit Chinese Excavator manufacturers, Applicant has compiled the information requested in **Appendix F.2.001**.*

Appendix reference: N/A



G. Injury

This section is about injury which the imports may be causing to the UK industry for the goods.

Injury as defined by the Act can refer to:

- Material injury, or the threat of material injury to the industry, or
- Material retardation of the establishment of the industry.

If your industry has suffered or is suffering material injury, all companies/associations involved in this application must complete the section G1 separately. This section should also be completed to represent the entire UK industry. Label each completed section clearly showing who it relates to.

If your industry is threatened with material injury but there is no injury yet, all companies/associations involved in this application must complete the section G1 separately. This section should also be completed to represent the entire UK industry. Label each completed section clearly showing who it relates to.

If your industry is nascent and is being or has been materially retarded, please contact us at contact@traderemedies.gov.uk.

G.1. Material Injury

Material injury is determined through a number of injury indicators. Not all the injury factors need to indicate material injury, but all the factors need to be considered in order to establish material injury. These include, but are not limited to:

- Actual and potential decline in: sales, profit, output, market share, productivity, return on investments, or use of capacity;
- Factors affecting domestic prices of the goods;
- The magnitude of the margin of dumping and/or the amount of subsidy; and
- Actual and potential negative effects on: cash flow, inventories, employment, wages, growth, ability to raise capital, or investments.

1. Please describe, with appropriate figures, how the UK industry for these goods has performed in terms of each of the above injury indicators for the POI, and injury period.

- Explain how you have calculated the figures and substantiate your figures with evidence.



- Provide evidence for each indicator.
- If you don't know the exact figures for other UK producers, provide an estimate based on reasonable assumptions.
- State the methodology and assumptions that you used.

Macro- and microeconomic indicators confirm that the UK industry suffered material injury during the POI.

The Applicant is significantly affected by imports of dumped and subsidised Chinese Excavators, the volume of which almost quintupled over the injury period. The aggressive low pricing of Chinese Excavator manufacturers, which is needed to break into the mature UK market, is pushing down prices to a point where the Applicant does not manage to make a profit, despite increasing UK sales, increasing productivity, and continuing investment.

The Applicant first provides information on the macroeconomic injury indicators ([Section I](#)) and then on the microeconomic injury indicators ([Section II](#)).

As an initial comment, the Applicant notes that due to its accounting practices, it is complex to split data pertaining to costs and sales to the Republic of Ireland from data pertaining to costs and sales to the UK. To ensure a fair and proper comparison, all the below data thus pertains to the UK and the Republic of Ireland.

Section I: Macroeconomic indicators

Sub-section I.A: Production, production capacity and capacity utilisation

Table 6 below shows that the Applicant's production capacity stayed the same throughout the injury period. Production rebounded from a pandemic-induced low in 2020, reflecting a strategy of lowering net prices³⁰ to loss-making levels in an attempt to avoid losing market share to the dumped and subsidised imports from the PRC.

Table 6 – Applicant's production, production capacity and capacity utilisation³¹					
	2019	2020	2021	2022	POI
Production (units)	[Sensitive information removed – Applicant's business data]				
Index	100	57	90	119	123
Production capacity (units)	[Sensitive information removed – Applicant's business data]				
Index	100	100	100	100	100
Capacity utilisation	[Sensitive information removed – Applicant's business data]				
Index	100	57	90	124	124

³⁰ See **Subsection II.A** below, explaining that although prices have risen during the injury period, this price increase remained significantly below the level of inflation.

³¹ Source: Applicant's data.



Sub-section I.B: Sales volume and market share

As **Table 7** below demonstrates, the estimated UK sales volumes for the entire UK industry increased by 23%, but the Applicant's UK sales volume increased [Sensitive information removed – Applicant's business data]. At the same time, as explained below, the market grew by 9%. The Applicant's increased sales reflect a strategy of lowering net prices to loss-making levels in an attempt to avoid further losing market share to the dumped and subsidised imports from the PRC. Despite this strategy, the Applicant lost market share.

Table 7 – UK industry sales (units)³²					
	2019	2020	2021	2022	POI
Applicant UK sales	[Sensitive information removed – Applicant's business data]				
Index	100	56	91	121	106
Komatsu UK sales	[Sensitive information removed – Applicant's business data]				
Index	100	46	105	145	171
Total UK industry UK sales	[Sensitive information removed – Applicant's business data]				
Index	100	54	95	127	123
Applicant export sales	[Sensitive information removed – Applicant's business data]				
Index	100	58	88	118	141

Over the injury period, as **Table 8** below demonstrates, the market share of the UK industry increased by 12% over the injury period.. This increase is exclusively attributable to Komatsu: in the injury period, the Applicant's market share decreased [Sensitive information removed – Applicant's business data].

At the same time, the market share of dumped and subsidised imports from the PRC more than quadrupled as a result of the aggressive prices used by Chinese Excavator manufacturers – as detailed in **Section G.1.2** below.

Table 8 – UK market shares³³					
	2019	2020	2021	2022	POI
China	[Sensitive information removed – Applicant's business data]				
Index	100	200	285	369	423
EU	[Sensitive information removed – Applicant's business data]				
Index	100	118	90	78	75
Japan	[Sensitive information removed – Applicant's business data]				
Index	100	97	118	106	110
South Korea	[Sensitive information removed – Applicant's business data]				
Index	100	95	99	95	95
UK	[Sensitive information removed – Applicant's business data]				

³² Source: Market data, Appendix G.1.001.

³³ Source: Market data, Appendix G.1.001.



Index	100	81	88	117	112
U.S.	[Sensitive information removed – Applicant's business data]				
Index	100	91	89	93	94

Sub-section I.C: Market growth

As **Table 9** below demonstrates, the total UK market for Excavators grew by 9% over the injury period.

Table 9 – UK market (units)³⁴

	2019	2020	2021	2022	POI
Market size	[Sensitive information removed – Applicant's business data]				
Index	100	66	107	108	109

Sub-section I.D: Employment and productivity

As **Table 10** below demonstrates, the Applicant's number of employees for in-scope Excavators in full-time equivalent ("FTE") decreased slightly over the injury period. Productivity in units per FTE for these employees increased significantly.

Table 10 – Applicant's employment and productivity³⁵

	2019	2020	2021	2022	POI
Employees (FTE)	[Sensitive information removed – Applicant's business data]				
Index	100	87	72	94	95
Productivity (units/FTE)	[Sensitive information removed – Applicant's business data]				
Index	100	70	134	136	140

Sub-section I.E: Magnitude of dumping and the amount of subsidy

As **Annex 7** demonstrates, the magnitude of dumping is significant, demonstrating that Chinese Excavators are being heavily dumped on the UK market. In addition, the available evidence on subsidisation suggests that Chinese Excavator manufacturers are being heavily subsidised. This all leads to very significant underselling margins.

Section II: Microeconomic indicators

Sub-section II.A: Sales prices and factors affecting sales prices

As **Table 11** below demonstrates, the Applicant's average sales price on the UK market increased by 14% over the injury period. This increase is less than the 24% inflation rate over the same period,³⁶ so that net prices decreased by 10%.

³⁴ Source: Market data, Appendix G.1.001.

³⁵ Source: Applicant's data.

³⁶ According to Trading Economics, the consumer price index in the UK was 106.32 on 1 January 2019 and 131.47 on 30 June 2023. This suggests the inflation rate was 21.5% from the beginning to the end of the injury period. See Trading Economics, UK Consumer Price Index, Appendix G.1.002.



Table 11 – Applicant's average sales prices (in GBP)³⁷					
	2019	2020	2021	2022	POI
UK sales	[Sensitive information removed – Applicant's business data]				
Index	100	98	113	114	114
Export sales	[Sensitive information removed – Applicant's business data]				
Index	100	98	107	117	123
Price gap	[Sensitive information removed – Applicant's business data]				
Index	100	101	71	139	178

Table 11 above also shows that prices on the UK market are significantly lower than prices on export sales. The gap also continues to grow: it grew by 78% over the injury period, and, in absolute terms, constituted a difference of 26% in the POI. This is because the aggressive pricing of dumped and subsidised imports from the PRC on the UK market requires the Applicant to keep its prices unsustainably low in order to avoid losing market share to Chinese Excavator manufacturers. The price pressure does not affect the Applicant (to the same extent) in export markets. Thus, the key factor affecting sales prices is the injuriously low price of Chinese Excavators.

Sub-section II.B: Labour costs

Table 12 below demonstrates that the median wage for employees engaged in activities relating to Excavators increased during the injury period. This increase is mitigated by the 40% productivity increase detailed in **Table 10** above.

Table 12 – Labour costs (GBP)					
	2019	2020	2021	2022	POI
Median wage	[Sensitive information removed – Applicant's business data]				
Index	100	89	139	157	157

Sub-section II.C: Inventories

As explained in **Section A.3.5** above, the Applicant [Sensitive information removed – Applicant's business data].

Sub-section II.D: Profitability, cash flow, investments, return on investments and ability to raise capital

As **Table 13** below demonstrates, the Applicant did not manage to turn a profit and only barely returned to a positive cashflow in the injury period, despite significant sales volumes on the UK market as well as for export, and despite significantly increasing productivity.

This is due to the increased price pressure on the UK market as a result of the aggressive pricing behaviour of Chinese Excavator manufacturers, who are

³⁷ Source: Applicant's data.



expanding their market share at breakneck speed – as described in **Section G.1.2** below.

At the same time, the Applicant has continued to invest in its Excavators, with significant investments made in the injury period, despite highly negative returns on investment.

Table 13 – Profitability, cash flow, investments, return on investment, finance cost³⁸

	2019	2020	2021	2022	POI
Profitability	[Sensitive information removed – Applicant's business data]				
Index	100	294	126	28	4
Cash flow (GBP)	[Sensitive information removed – Applicant's business data]				
Index	100	173	129	34	-4
Investments like goods (GBP)	[Sensitive information removed – Applicant's business data]				
Index	100	63	54	86	137
Return on investment like goods	[Sensitive information removed – Applicant's business data]				
Index	100	259	232	44	4
Finance cost (GBP)	[Sensitive information removed – Applicant's business data]				
Index	100	62	61	210	159

- Is your company suffering injury which you believe to have been caused by the imported goods? If so, please describe the injury. You may want to include the prices, volumes or profits associated with your production and sale of the goods you manufacture or describe other aspects of your business. Please specify and substantiate your claims with evidence. Please estimate the date when the injury began to affect your business. Explain how it has developed since this date.

The Applicant first highlights the strategic importance of the UK market for LiuGong and SANY, two main Chinese manufacturers that are dumping subsidised Excavators on the UK market (Section I), before providing a volume analysis (Section II) and a price analysis (Section III).

Section I: Strategic importance of the UK market for LiuGong and SANY

According to industry press reports, 50 to 60% of the global market for industrial machinery, such as Excavators, is concentrated in high-end markets such as the UK.³⁹ Armed with massive subsidies and using aggressive pricing behaviour, Chinese manufacturers increasingly target these high-end markets. Chinese exports of construction machinery, such as Excavators, "repeatedly hit new highs in

³⁸ Profitability, investment, return on investment, and finance cost data are for the like product only.

³⁹ Guangxi Zhuang Autonomous Region, LiuGong Breaks Situation, 8 June 2023, Appendix G.1.003.



recent years," with total export volumes at USD 34 billion in 2021 and USD 44.3 billion in 2022.⁴⁰ Specifically for Excavators, Chinese manufacturers consider that "overseas demand is hot, export sales are expected to usher in rapid growth."⁴¹

The UK is a prime high-end market, and LiuGong and SANY have publicly made clear that exports to the UK are of strategic importance to them, and that their strategy to grab market share is by aggressively pricing their Excavators to undercut UK Excavator manufacturers.

Sub-section I.A: LiuGong

LiuGong is a state-owned company.⁴²

LiuGong has accelerated the globalization of its entire value chain through the Belt and Road Initiative and by targeting high-end markets such as the UK.⁴³ LiuGong's products are sold in more than 100 countries, and international sales revenue accounts for an ever-increasing share of the total sales revenue – currently about 30%.⁴⁴ The Chairman of LiuGong noted that while "current success is mainly in developing countries," LiuGong's "next goal is to succeed in the European and American markets and become a first-class international enterprise."⁴⁵

LiuGong entered the UK market in 2013 and immediately made inroads,⁴⁶ as industry press reported a "rapid increase of LiuGong sales" in 2014.⁴⁷ This increase in sales continued in the coming years, with industry press reporting in breakthrough year 2016 that "LiuGong continue to expand sales across the country,"⁴⁸ and in 2018 that LiuGong "are further increasing their UK market share."⁴⁹ In 2019, LiuGong, reconfirmed that "[t]he UK is an important market for us,"⁵⁰ and in 2021, LiuGong reported that it "continue[d] to make big strides into the UK market."⁵¹ LiuGong's emphasis on the UK market reflects a wider, aggressive export-oriented strategy for the Chinese company, as it reported "a remarkable >50% [year-on-year] growth in

⁴⁰ Xinhua, Chinese construction equipment wins recognition from overseas customers, partners, 17 March 2023, Appendix G.1.004.

⁴¹ Haitong Securities, Sany Heavy Industry (600031 CH), 31 May 2023, Appendix G.1.005.

⁴² China Daily, Guangxi Liugong Machinery, 20 January 2020, Appendix G.1.006; LiuGong, LiuGong Group signs strategic investor agreements for mixed-ownership reform; 8 December 2020, Appendix G.1.007; Xinhua, Xi stresses advancing high-quality development in border ethnic regions, 28 April 2021, Appendix G.1.008, which provides that, when visiting LiuGong, Xi "urged efforts to keep a firm hold on the initiative in pursuing innovation-driven development and uphold the overall leadership of the Party in State-owned enterprises."

⁴³ Guangxi Zhuang Autonomous Region, LiuGong Breaks Situation, 8 June 2023, Appendix G.1.003.

⁴⁴ China Today, LiuGong's Road to Internationalization, 9 April 2019, Appendix G.1.009.

⁴⁵ China Today, LiuGong's Road to Internationalization, 9 April 2019, Appendix G.1.009.

⁴⁶ Construction Index, J French chooses Chinese excavators, 2 December 2013, Appendix G.1.010.

⁴⁷ Earthmovers, LiuGong delighted with UK market progress, 8 October 2014, Appendix G.1.011.

⁴⁸ Agg-Net, LiuGong making headway in South Wales market, 15 November 2016, Appendix G.1.012.

⁴⁹ Agg-Net, LiuGong making inroads into North West market, 20 February 2018, Appendix G.1.013.

⁵⁰ KHL, LiuGong acquires UK business operation, 16 April 2019, Appendix G.1.014.

⁵¹ Earthmovers, LiuGong go big with mini excavator benefits, 6 April 2021, Appendix G.1.015.



overseas sales" in 2022.⁵² What is more, since February 2023, LiuGong reported that "the overseas shipment of large excavators has soared by 500 percent year-on-year."⁵³

In their own words, LiuGong's strategy underpinning its success in grabbing a share of the UK Excavator market is "providing the lowest-possible total cost of ownership for [its] customers."⁵⁴ Indeed, one LiuGong customer noted that they got "a deal that was extremely competitive," and another said that LiuGong "offered us a very good and competitive package."⁵⁵ In the same vein, one dealer in the UK noted, "[w]e have a strategic plan for the next three to five years, to deliver on LiuGong's market share aspirations."⁵⁶

Sub-section I.B: SANY

SANY first entered the UK market in 2015 by promptly appointing dealers throughout the UK.⁵⁷ Armed with injuriously low prices for Excavators, these dealers were able to "quickly grow and develop the customer base."⁵⁸ SANY's dealer network received further support from the establishment of SANY UK in 2020.⁵⁹ In 2021, SANY opened SANY Scotland, which became SANY's first UK depot holding SANY Excavator stock and a route for direct sales to end consumers.⁶⁰ For 2022, a SANY representative said that "we have seen a huge increase in demand for the SANY range of excavators."⁶¹

According to industry press, "SANY has now ramped up its recruitment plans to help meet ambitious growth targets. The company's ultimate aim is to become a leading brand in the local market within three to five years,"⁶² by which it means "the largest supplier of excavators in the UK and Ireland."⁶³ To that end, SANY has made "a

⁵² LiuGong, Over 3,000 LiuGong machines exported overseas, 8 February 2023, Appendix G.1.016.

⁵³ Xinhua, Manufacturers ride economic wave, deepening RCEP ties, 17 April 2023, Appendix G.1.017.

⁵⁴ Agg-Net, LiuGong strengthen focus on quarrying and aggregates, 3 February 2020, Appendix G.1.018.

⁵⁵ Agg-Net, LiuGong making inroads into North West market, 20 February 2018, Appendix G.1.013.

⁵⁶ Construction Index, Fox moves into sales with LiuGong dealership, 7 September 2023, Appendix G.1.019.

⁵⁷ Agg-Net, SANY announce two new UK dealers, 2020, Appendix G.1.020, stating that "SANY are continuing to establish a whole new regional dealer network across England and Wales." See also Agg-Net, SANY appoint new East Anglian dealer, 2020, Appendix G.1.021; Agg-Net, Banner appointed as SANY dealer, 2020, Appendix A.3.014; Project Plant, SANY aiming to be number one in UK, 2021, Appendix A.3.016, stating that, by 2021, SANY had "set up eleven dealers throughout the UK and Ireland."

⁵⁸ E.g., Business News Wales, Cwmbrian plant sales company wins national awards, 2022, Appendix G.1.022.

⁵⁹ See above, **Section A.3.5**.

⁶⁰ SANY UK, SANY Opens First UK Depot and Launches SANY Scotland, Appendix E.3.004.

⁶¹ Agg-Net, SANY strengthen sales team in Scotland, 2021, Appendix G.1.023.

⁶² Agg-Net, SANY open new branch in Scotland, 2021, Appendix G.1.024.

⁶³ Project Plant, SANY aiming to be number one in UK, 2021, Appendix A.3.016.



*substantial investment ... in the UK" in terms of "staff, premises and equipment."⁶⁴
In the words of SANY representatives:*

"UK & Ireland is a key strategic market for SANY and that's why we have established a UK company, built a team and developed a dealer network to ensure we are fully equipped to provide industry leading support for our excavators."⁶⁵

"... we're fully invested and want to be number one."⁶⁶

SANY's focus on the UK market is part of a wider aggressive international expansion drift. SANY itself said that, in 2021, "[r]emarkable achievements have been made in internationalization, evidenced by the sales outside of China reaching 3.72 billion USD and 76.16% year-on-year growth. Sales revenue doubled in over 50 countries in 2021."⁶⁷ For 2022, SANY spoke of "[g]reat acceleration" in its international expansion:

"The first quarter of 2022 witnessed even greater growth of 161% year on year, a result attributable mainly to the company's steady improvements in the areas of management, digitization, electrification and internationalization. Almost all product lines are now growing at an unprecedented growth rate in international sales, with mining machinery at 255% and logistic equipment at 98.8%."⁶⁸

In the first half of 2023, SANY's international sales revenue skyrocketed to USD 3.1 billion, which represents yet another sharp increase of 36% year-on-year. Exports accounted for 57% of the total operating revenue.⁶⁹

In this regard, SANY recently noted that the export volume in "the excavator industry continues to grow at a high rate, and the boom is expected to pick up."⁷⁰ These factors indicate that SANY's revenue focus and sales gravitate heavily towards international markets like the UK.

Industry press reports that SANY's further internationalization efforts will revolve around the development of "large equipment" like Excavators and "Euro-American markets" like the UK.⁷¹

Section II: Volume analysis

*As explained in **Section D.2.1** above, the best available information concerning*

⁶⁴ Project Plant, SANY aiming to be number one in UK, 2021, Appendix A.3.016.

⁶⁵ SANY UK, SANY Opens First UK Depot and Launches SANY Scotland, Appendix E.3.004.

⁶⁶ Project Plant, SANY aiming to be number one in UK, 2021, Appendix A.3.016.

⁶⁷ SANY, Press release: SANY releases its 2021 annual report, 2022, Appendix G.1.025.

⁶⁸ SANY, Press release: SANY's international business picking up speed, 2022, Appendix G.1.026.

⁶⁹ Construction World, Sany international sales revenue up 35.87%, 7 September 2023, Appendix G.1.027.

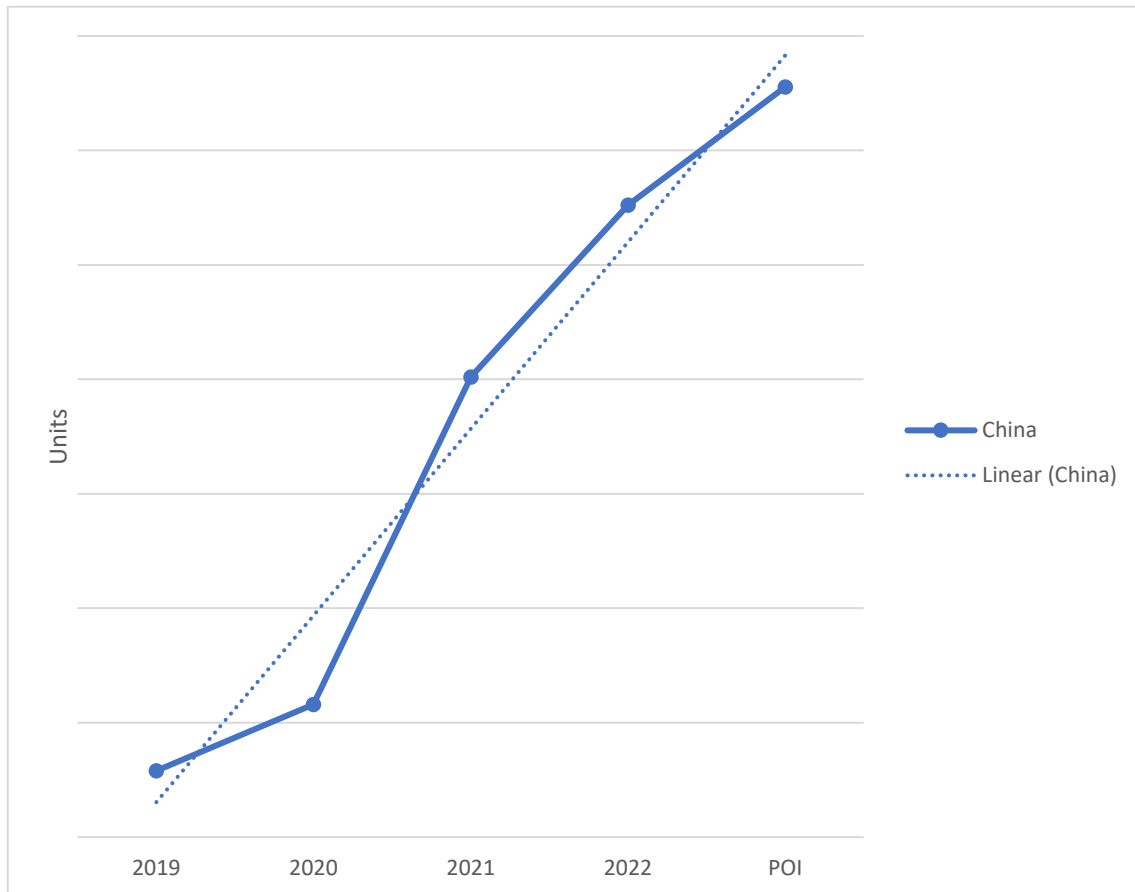
⁷⁰ Haitong Securities, Sany Heavy Industry (600031 CH), 31 May 2023, Appendix G.1.005.

⁷¹ Agg-Net, SANY seeking bigger share of global markets, 2022, Appendix G.1.028.



imports on the UK market is market data for 2019-2021 that has been extrapolated to 2022 and the POI. As **Figure 3** below demonstrates, this data shows how import volumes of Chinese Excavators have increased in absolute terms by 478% from 2019 to the POI.

Figure 3⁷²



The increase in import volumes of Chinese Excavators becomes even clearer when comparing their growth to that of import volumes from the other key exporting countries. **Table 14** below sets out UK sales of Excavators from 2019 to the POI.

Table 14 – UK sales ⁷³					
	2019	2020	2021	2022	POI
China	[Sensitive information removed – Copyrighted material, disclosure of which breach copyrights]				
Index	100	137	318	413	478
EU	[Sensitive information removed – Copyrighted material, disclosure of which breach copyrights]				
Index	100	78	97	84	82

⁷² Source: Market data, Appendix G.1.001.

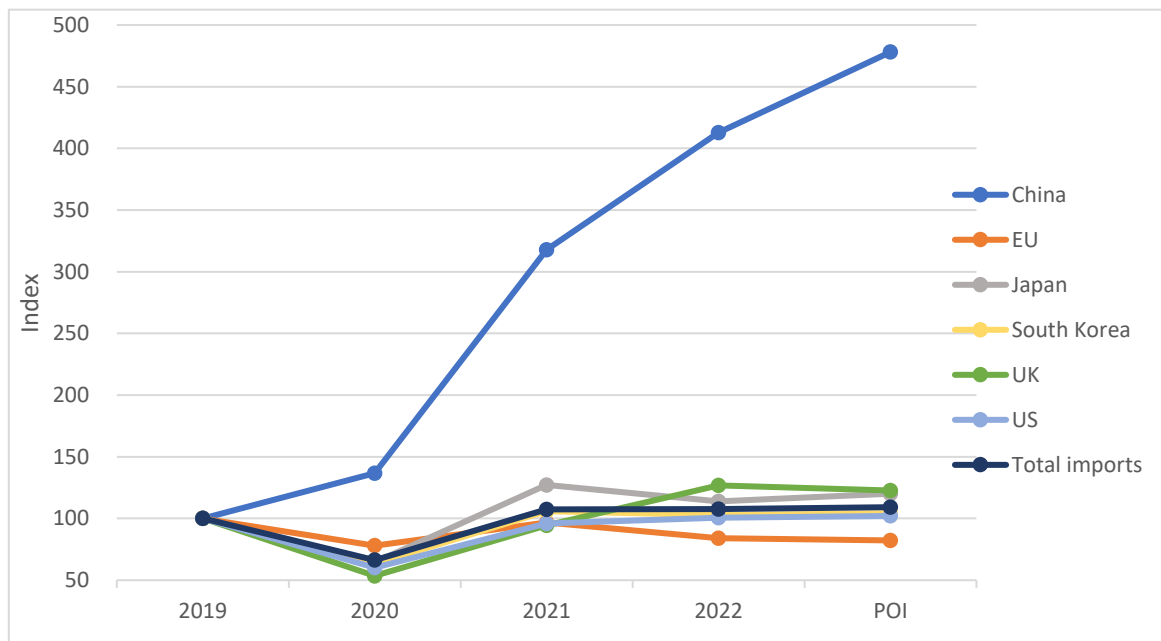
⁷³ Source: Market data, Appendix G.1.001.



Japan	[Sensitive information removed – Copyrighted material, disclosure of which breach copyrights]				
Index	100	65	127	114	120
South Korea	[Sensitive information removed – Copyrighted material, disclosure of which breach copyrights]				
Index	100	63	106	103	104
UK	[Sensitive information removed – Copyrighted material, disclosure of which breach copyrights]				
Index	100	54	95	127	123
U.S.	[Sensitive information removed – Copyrighted material, disclosure of which breach copyrights]				
Index	100	69	96	101	102
Total	[Sensitive information removed – Copyrighted material, disclosure of which breach copyrights]				
Index	100	66	107	108	109

As illustrated in **Table 14** above and **Figure 4** below, imports from the EU decreased slightly, while imports from South Korea and the U.S. remained stable. Imports from Japan increased by about 20%. Nothing compares to the spectacular 478% growth of imports from the PRC (including across 2020, a year in which total imports dropped by 33%).

Figure 4⁷⁴



To corroborate market data, Applicant also uses UK import statistics. As noted in **Section D.2.1** above, commodity code 84295210 covers imports of Excavators but

⁷⁴ Source: Market data, Appendix G.1.001.

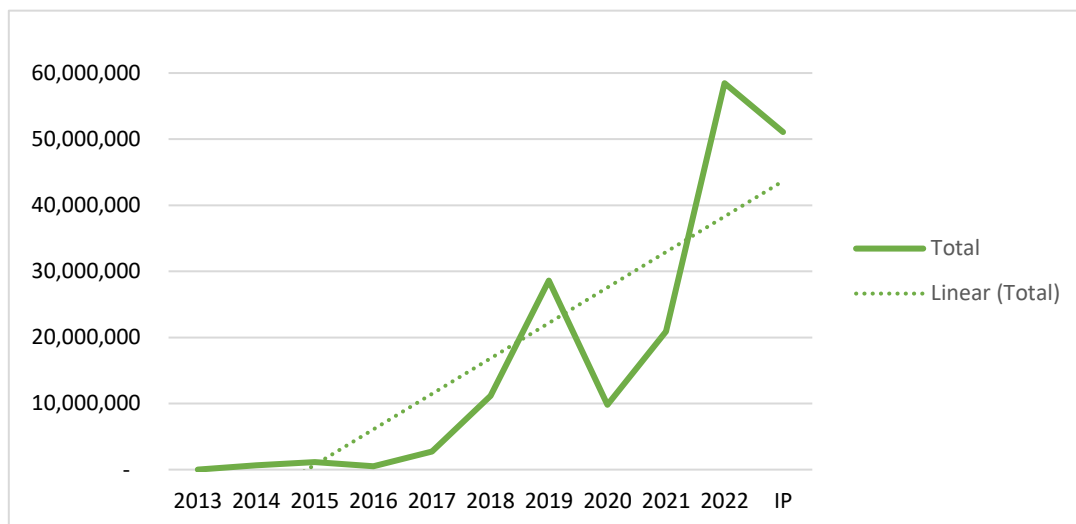


also out-of-scope excavators, including significant volumes of so-called mini excavators.

UK import statistics⁷⁵ demonstrate that imports of in-scope Chinese Excavators and out-of-scope Chinese excavators have been increasing exponentially. In the POI, the total value of imports from the PRC was GBP 51 million, compared to GBP 28.6 million in 2019. Thus, import values almost doubled from 2019 to the POI.

To understand how Chinese Excavators are taking over the UK market, it is even more instructive to look at import statistics over a period of ten years. As **Figure 5** below demonstrates, the value of imports from the PRC was still low between 2013 and 2016, but started increasing exponentially since 2016 until the POI. This illustrates the progressive and persistent injury suffered by the Applicant by imports of Chinese Excavators.

Figure 5⁷⁶



This volume analysis is corroborated by statements from Chinese Excavator manufacturers. Exports of in-scope Chinese Excavators and out-of-scope Chinese excavators increased by 60% year-on-year in 2022.⁷⁷ SANY's exports, which account for 30% of Chinese exports of excavators, increased by 46% year-on-year.⁷⁸ Public statements from SANY representatives underline the rapid growth of imports of both in-scope Chinese Excavators and out-of-scope Chinese excavators:

"SANY UK's excavator sales volume in the first half of 2021 experienced a surge of an incredible forty-five times higher than the previous year,

⁷⁵ This data pertains exclusively to the UK.

⁷⁶ Source: UK Trade Info, Import statistics for commodity code 8429521000, Appendix D.3.001, sheets "Pivot - CN - 2013-POI" and "Source data - CN - 2013-POI". Data for net weight and units shows similar trends.

⁷⁷ Haitong Securities, Sany Heavy Industry (600031 CH), 31 May 2023, Appendix G.1.005.

⁷⁸ Haitong Securities, Sany Heavy Industry (600031 CH), 31 May 2023, Appendix G.1.005.



*with the figure of June alone exceeding 2020's total."*⁷⁹

*"In 2021, SANY's sales volume grew by 540% year on year in the local [UK] market, while even more accelerated growth was observed in the first quarter of 2022."*⁸⁰

*Industry press reported that in 2020, SANY sold "about 100" excavators (including in-scope Excavators and out-of-scope excavators) on the UK market, and that they hoped to sell 700-800 excavators in 2021.*⁸¹

Based on the above statements (disregarding SANY's unlikely claim that its demand was up "forty-five times" – i.e., 4,500%), it appears that SANY sold 540 excavators in the UK market in 2021. According to other sources, SANY claimed to have sold 1,000 excavators (of all sizes) in the UK market in 2021.⁸² For 2022, SANY said sales growth, at least in the first quarter, was said to be even higher than 540%. This suggests that SANY's UK sales in 2022 likely exceeded 3,000 units of in-scope Excavators and out-of-scope excavators, despite sources suggesting that SANY was targeting 1,500 units (which already was a very high number).

SANY has also touted some specific sales successes:

*"SANY recently completed a large order with AB2K, which was one of the first companies in Scotland to invest in the SANY product back in 2015. They've now got the biggest fleet of SANY excavators in the UK, numbering 25."*⁸³

"There's a growing population of SANY excavators in Scotland."⁸⁴ According to industry press in 2021, "[m]ore than 100 SANY excavators are now in operation in Scotland."⁸⁵

SANY is not just flooding the UK market: industry press notes that, in 2021, "Sany has seen an extremely strong increase in sales – from US\$10.9 billion in last year's table to US\$14.4 billion. The company has seen especially strong excavator sales."⁸⁶

While LiuGong did not publicly comment on UK sales, its "remarkable >50% [year-on-year] growth in overseas sales" in 2022, followed by a "64% year-on-year growth in its overseas sales in 2021" shows that LiuGong, too, has been ramping up sales

⁷⁹ SANY, Press release: SANY opens a new branch in Scotland, 2021, Appendix G.1.029.

⁸⁰ SANY, Press release: SANY advances in Europe, 2022, Appendix G.1.030.

⁸¹ Project Plant, SANY aiming to be number one in UK, 2021, Appendix A.3.016.

⁸² JCB, Internal Memorandum, 19 November 2021, Appendix G.1.031.

⁸³ Project Plant, SANY aiming to be number one in UK, 2021, Appendix A.3.016.

⁸⁴ SANY, Press release: SANY opens a new branch in Scotland, 2021, Appendix G.1.029.

⁸⁵ Project Plant, SANY aiming to be number one in UK, 2021, Appendix A.3.016.

⁸⁶ International Construction, Construction's top ten OEMs revealed, 2021, Appendix G.1.032.



to the UK market.⁸⁷ In 2021, LiuGong further noted that Excavator product lines "recorded a remarkable 110% growth rate."⁸⁸

Section III: Price analysis

The prices of Chinese Excavators on the UK market are injuriously low. This is made explicit by LiuGong themselves, who stated that their strategy for the UK market is to provide the lowest-possible total cost of ownership for their customers.⁸⁹

For SANY, there is no explanation other than aggressive dumping for SANY's massive increase in subsidised UK sales in the past years.⁹⁰ It is telling that a major SANY dealer in Canada stated that "SANY is distinguished due to its extremely low purchase price. Sometimes they cost even less than half of the cost of a new John Deere machine."⁹¹ Comparing SANY to Caterpillar, the same dealer said that "SANY's heavy equipment line is considerably less expensive, sometimes ringing in at half the price of Caterpillar equipment."⁹²

Section G.1.6 below contains more details on how Chinese Excavator manufacturers undercut and undersell the Applicant.

3. Report your total cost to make and sell like goods in the UK. Please clearly separate your costs of production (direct manufacturing costs and indirect costs), from your administrative, selling and general expenses (AS&G). Provide costs for each model that you produce. When giving your labour costs, please ensure you include all labour costs, directly or indirectly incurred by any activity related to the goods.

The Applicant's total cost to make and sell Excavators is reported in **Appendix G.1.036**.

4. For the goods that you produce, please state what level of profit, before tax and as a percentage of turnover, your company would expect to achieve if there was no injury from the imported goods and explain how you arrived at this figure.

⁸⁷ LiuGong, Over 3,000 LiuGong machines exported overseas, 8 February 2023, Appendix G.1.016; LiuGong, LiuGong held 2021 global dealer conference, 16 December 2021, Appendix G.1.033.

⁸⁸ LiuGong, LiuGong held 2021 global dealer conference, 16 December 2021, Appendix G.1.033.

⁸⁹ Agg-Net, LiuGong strengthen focus on quarrying and aggregates, 3 February 2020, Appendix G.1.018.

⁹⁰ As detailed in **Section II** above.

⁹¹ HW Equipment, Brand Comparison: SANY vs. John Deere, 6 February 2023, Appendix G.1.034.

⁹² HW Equipment, Brand Comparison: SANY vs. Caterpillar, 28 July 2021, Appendix G.1.035.



Absent injury from dumped and subsidised Chinese Excavators, the Applicant would expect a net profit level before tax of 11.0%. The Excavator industry requires comfortable profit margins as the industry is capital-intensive and requires heavy investments, including in R&D, to ensure the business remains competitive.⁹³

To arrive at this figure, the Applicant relied on the following sources:

- The average profit margin of 11.1% of Komatsu Ltd., the Japanese entity that produces Excavators in Japan,⁹⁴ for the closest period possible to the injury period, i.e., financial years 2019 to 2021.⁹⁵*

It is appropriate to use Komatsu Ltd.'s profit margin because Komatsu Ltd. is a producer of Excavators in Japan, and because the Japanese market has similar characteristics to the UK market but is unaffected by dumped and subsidised imports.

- The average profit of 10.2% as reported in **Table 15** below, for the period 2019-2022 in the machinery industry in "Europe,"⁹⁶ Japan, and the US, which are markets with similar characteristics to the UK market, from commercial database from Aswath Damodaran (New York University), which aggregates data from Bloomberg, Morningstar, Capital IQ and Compustat.*

Table 15 – Damodaran profit data⁹⁷

	<i>Europe</i>	<i>Japan</i>	<i>US</i>	<i>Average</i>
2019	9.90%	7.63%	13.84%	10.46%
2020	8.44%	5.09%	13.07%	8.87%
2021	10.97%	7.52%	14.67%	11.05%
2022	10.12%	7.75%	13.80%	10.56%
Total				10.24%

- The average profit margin of 13.12%, as reported in **Table 16** below, for the injury period in the global industrial machinery and components industry from commercial database CSI Market.*

⁹³ See, by analogy, TRA, Optical fibre cable from China, Statement of essential facts, para. 511.

⁹⁴ Komatsu, Global Operations, 2022, Appendix G.1.037. This webpage differentiates between various legal entities that manufacture goods, e.g., Komatsu Cummins Engine Co., Ltd.

⁹⁵ Komatsu Ltd., Capital IQ, Appendix E.2.3.001. The Applicant used the earnings before income tax (EBIT) margin. The data for financial year 2022 is not yet available.

⁹⁶ The data for Europe includes the EU, Iceland, Norway, the UK, Switzerland and Turkey. Despite the UK market being affected by dumping, the Applicant considers that the profit data for this group of countries is useful for present purposes.

⁹⁷ Damodaran, Margins, Appendix G.1.038. The Applicant used the pre-tax unadjusted operating margin.



Table 16 – CSI Market profit data⁹⁸					
	Q1	Q2	Q3	Q4	Average
2019	11.19%	12.63%	12.01%	12.93%	12.19%
2020	4.59%	10.71%	10.55%	13.22%	9.77%
2021	14.73%	15.53%	9.41%	15.75%	13.86%
2022	14.63%	13.43%	15.10%	16.86%	15.00%
POI	15.10%	16.86%	12.79%	14.45%	14.80%
Total					13.12%

5. Explain if your current sales prices for the goods are the same as your target sales prices. If not, please explain the reasons for this.

No. The Applicant's current sales prices of Excavators on the UK market are much lower than its target sales price. This is due to the injuriously low prices of Chinese Excavators and the price pressure they exert on the UK Excavator market.

Prices of Chinese Excavators are significantly undercutting the Applicant's prices. To avoid losing even more sales and more market share, the Applicant must sell at a loss and is prevented from increasing its prices to account, for instance, for increased raw material costs or overall inflation.

*Prices of Chinese Excavators also reduce prices in the UK market. The price pressure exerted by Chinese Excavator manufacturers becomes particularly clear when comparing the Applicant's prices on the UK market, which are depressed and suppressed by imports from the PRC, with its significantly higher export prices, as explained in Sub-section II.A of **Section G.1.1** above.*

As a result of the injuriously low prices of dumped and subsidised imports from the PRC, the Applicant is left with no choice but to sell its Excavators on the UK market below their cost of production.

6. Provide details of any price undercutting and and/or if the prices of the dumped and/or subsidised imports are reducing or negatively affecting prices in the UK. Compare the sales prices of the dumped and/or subsidised imports with the sales prices of your goods on the UK market. Include any supporting evidence.

*See **Annex 7bis** for the price undercutting and injury margin calculations. See Sub-section II.A to **Section G.1.1** for details on how the prices of the dumped and subsidised imports are reducing and negatively affecting prices in the UK.*

⁹⁸ CSI Market, Industrial Machinery and Components Industry Profitability, Appendix G.1.039. The Applicant used the pre-tax margin.



G.2. Threat of injury

1. Describe the change in circumstances that means the threat of material injury from dumping and/or subsidisation is foreseeable and imminent. The factors behind these changes could include:
 - the rate of increase of dumped and/or subsidised imports;
 - changes to the available production capacity of the exporters;
 - changes to inventories of the imported goods (i.e. if large stocks of these goods are building up in their country of origin ready for export);
 - expected price depression or price suppression of further imports; and
 - any other relevant factors.

In addition to causing material injury to the UK Excavator industry, dumped and subsidised imports of Chinese Excavators also threaten to cause further material injury to the UK Excavator industry.

*First, as set out in **Section G.1.2** above, the rate of increase of dumped and subsidised imports of Chinese Excavators is remarkable. LiuGong reported a "remarkable >50% [year-on-year] growth in overseas sales" in 2022,⁹⁹ and, in February 2023, stated that "the overseas shipment of large excavators has soared by 500 percent year-on-year."¹⁰⁰ In turn, in 2021, SANY reported a UK sales increase of 540%. For the first half of 2022, SANY said the growth rate of its UK sales was even higher. There is no reason to assume the growth rate of SANY's UK sales would have decreased over the entire POI.*

*Second, as also set out in **Section G.1.2** above, the UK market is important for Chinese Excavator manufacturers. LiuGong explained that "[t]he UK is an important market for us,"¹⁰¹ and in 2021, reported that it "continue[d] to make big strides into the UK market."¹⁰² SANY, in turn, said that the UK is a "key strategic market for SANY,"¹⁰³ and SANY "want[s] to be number one" on the UK market.¹⁰⁴ This, together with the phenomenal increase in imports in recent years, indicates that SANY will likely continue to export significant additional Excavators to the UK market.*

Third, demand for Excavators in the PRC is declining, while export sales are increasing at a rapid rate. In 2022, the Chinese excavator export sales increased by

⁹⁹ LiuGong, Over 3,000 LiuGong machines exported overseas, 8 February 2023, Appendix G.1.016.

¹⁰⁰ Xinhua, Manufacturers ride economic wave, deepening RCEP ties, 17 April 2023, Appendix G.1.017.

¹⁰¹ KHL, LiuGong acquires UK business operation, 16 April 2019, Appendix G.1.014.

¹⁰² Earthmovers, LiuGong go big with mini excavator benefits, 6 April 2021, Appendix G.1.015.

¹⁰³ SANY UK, SANY Opens First UK Depot and Launches SANY Scotland, Appendix E.3.004.

¹⁰⁴ Project Plant, SANY aiming to be number one in UK, 2021, Appendix A.3.016.



60% year-on-year, while domestic sales decreased by 45%.¹⁰⁵ As demand in the PRC is declining year-on-year, excess capacity will increase. This presents a clear risk that Chinese manufacturers will use even more aggressive pricing behaviour to sell Excavators in lucrative markets like the UK.

In any event, even regardless of the woes on the Chinese market, Chinese Excavator production capacity can easily flood the UK market. According to data from the China Construction Machinery Association, in 2021, Chinese Excavator manufacturers sold 342,784 units of in-scope Excavators and out-of-scope excavators.¹⁰⁶

Both LiuGong and SANY are in the top ten of the world's largest construction equipment companies in 2022 (taking places ten and four, respectively).¹⁰⁷ SANY, in particular, has the largest production capacity of Excavators in the world.¹⁰⁸ In 2020, SANY produced more than 90,000 excavators (including in-scope Excavators and out-of-scope excavators),¹⁰⁹ and sold 98,705 excavators.¹¹⁰ In 2021, SANY was "looking to do 120,000 excavators."¹¹¹ There is no reason why SANY's production capacity in the PRC would have decreased from 2021 to the POI. While this production level meant SANY's production lines operated at full capacity in 2020, "it even has started to increase the number of production lines," thereby adding additional capacity.¹¹² SANY continues to add to its production capacity, for instance adding a new Excavator factory in Liangjiang New Area in mid-2022.¹¹³ On top of SANY's export capacity comes LiuGong's capacity, which also likely amounts to tens of thousands of units, and the capacity of all other Chinese manufacturers.

Chinese Excavator manufacturers face reduced demand on their important home market in the PRC, which has further incentivized the manufacturers to look at export markets, with an increase of 13.9% year-on-year in January-May 2023.¹¹⁴ The UK, as a key strategic market, is a prime destination for these exports.

Fourth, as set out in **Section G.1.6** above, the dumped and subsidised Chinese Excavators are entering the UK market at prices that significantly undercut and undersell the UK Excavator industry. In addition, the prices of Chinese Excavators significantly depress and suppress the prices of the UK Excavator industry. As is clear

¹⁰⁵ Haitong Securities, Sany Heavy Industry (600031 CH), 31 May 2023, Appendix G.1.005.

¹⁰⁶ Xinhua, China's excavator exports boom in 2021, 16 January 2022, Appendix G.2.001.

¹⁰⁷ International Construction, How the hierarchy of the top construction OEMs has changed over 20 years, 9 March 2023, Appendix G.2.002.

¹⁰⁸ Project Plant, SANY aiming to be number one in UK, 2021, Appendix A.3.016.

¹⁰⁹ SANY, Press release: SANY On Track - Highlights from the SANY 2020 Annual Report, 2021, Appendix G.2.003.

¹¹⁰ Business Wire, Sany becomes no. 1 in excavators sales globally, 2021, Appendix G.2.004.

¹¹¹ Project Plant, SANY aiming to be number one in UK, 2021, Appendix A.3.016.

¹¹² SANY, Press release: SANY stands out when the world still in the downturn, 2020, Appendix G.2.005.

¹¹³ China Daily, 2nd phase of SANY's smart manufacturing program commences, 2022, Appendix G.2.006.

¹¹⁴ China Daily, China's excavator exports rise in first five months, 2023, Appendix G.2.007.



from the growth of Chinese Excavator sales on the UK market, the Chinese manufacturers' injuriously low prices are increasing demand for further imports of dumped and subsidised Chinese Excavators.

2. If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that the threat is both foreseeable and imminent.

*As explained in **Section G.1.2** above, UK sales of Chinese Excavators have increased dramatically in the past two years, including in the POI. This clear upward trend in import volumes puts UK industry at further risk of injury. In addition, both LiuGong and SANY have publicly confirmed that the UK is a strategic priority for their exports. This shows that the threat of material injury to the UK Excavator industry caused by Chinese Excavators is foreseeable and imminent.*

3. Explain why you believe the threatened injury to your industry will be material.

*For the same reasons set out in **Section G.1** above, the threatened injury to the UK Excavator industry caused by Chinese Excavators will be material.*

H. Causal Link between the Imported Goods and Injury to Your Industry

For TRID to initiate an investigation, there must be evidence of a causal relationship between the injury to the UK Industry and the alleged dumping and/or subsidisation.

1. If your company is suffering injury, please explain and provide evidence that shows how this has been caused by the goods you want us to investigate. Describe how the volumes and prices of the imported goods have affected your industry, basing your answer on the injury indicators in the previous section.

The dumped and subsidised imports of Chinese Excavators are the cause of injury to the UK industry.

*As demonstrated in **Section G.1** above, dumped and subsidised imports of Chinese Excavators significantly undercut the Applicant's prices. The price pressure from these imports has a negative impact on factors such as the Applicant's:*

- *UK net sales prices, which have decreased by [Sensitive information removed – Applicant's business data] in the injury period*



- *Persistently negative profitability, cash flow and return on investment*

*In the meantime, leveraging aggressive pricing strategies, imports of Chinese Excavators are rapidly gaining market share, quadrupling over the injury period. In an attempt to avoid losing more sales to Chinese Excavator manufacturers, the Applicant has had to resort to selling Excavators on the UK market at prices well below their cost of production – as demonstrated by the high injury margins in **Annex 7bis**.*

2. Please indicate if the injury to your industry could be attributable in part or in full to any factors other than dumped or subsidised imports, for example:

- volume and prices of imports not sold at dumped prices;
- contraction in demand or changes in patterns of consumption;
- restrictive trade practices of, and competition between, third country and UK producers;
- developments in technology; and
- export performance and the productivity of the UK industry.
- This may be relevant as an industry weakened by other events may be more susceptible to injury from dumped or subsidised goods.

3. Please provide evidence to support this information.

The injury that the Applicant is suffering cannot be attributed in part or in full to any factors other than dumped and subsidised Chinese Excavators.

- **Imports from third countries:** *The UK market is a mature market and imports from third countries – Japan, South Korea, the EU, and the U.S. – have been competing with Excavators manufactured by the UK industry for many years. As Sub-section I.B of **Section G.1.1** above shows, the only third country from which imports increased during the injury period is Japan. Imports from Japan are at market-conform prices and they are not a cause of injury.*
- **Demand and patterns of consumption:** *There are no changes in demand or patterns of consumption that could be a cause of injury.*
- **Restrictive trade practices:** *The Applicant is not aware of any restrictive trade practices between third country and UK Excavator manufacturers that might cause injury.*



- **Developments in technology:** *The Applicant has been updating and continues to constantly update its Excavators with the latest technology, as explained in Sub-section II.D of **Section G.1.1** above. Developments in technology thus do not cause injury.*
- **Export performance:** *The Applicant's exports have increased by 20% over the injury period and are at significantly higher prices than UK sales, as explained in Sub-sections I.B and II.A of **Section G.1.1** above. The Applicant's export performance thus does not cause injury.*
- **Productivity:** *The Applicant's productivity increased by 40% over the injury period, as explained in Section I.D of **Section G.1.1** above. Productivity thus does not cause injury.*

Therefore, there is no other factor that causes injury, let alone in a way that could break the causal link between the dumped and subsidised imports of Chinese Excavators and the injury to the UK Excavator industry.



Request for registration

The Applicant hereby requests that the Secretary of State publish a notice requiring HMRC to register imports of Chinese Excavators from the day of initiation of the anti-dumping and anti-subsidy investigation on Chinese Excavators.¹¹⁵

Registration is necessary because of the specific nature of the UK Excavator market, in particular the relatively low number of transactions and the high value per transaction. Without registration, Chinese Excavator manufacturers can seriously undermine the remedial effect of any anti-dumping and/or anti-subsidy duties by helping their UK importers and dealers rapidly build up inventories of Excavators. In view of the large network of dealers, Chinese manufacturers could easily provide significant amounts of Excavators in the most popular specifications to dealers, thereby in fact circumventing any forthcoming anti-dumping and/or anti-subsidy duties for a significant period of time.

Real-time monitoring of imports by way of registration is key to enabling the TRA to, if imports of dumped and subsidised Excavators continue or even increase, impose anti-dumping and/or anti-subsidy duties retroactively.¹¹⁶

¹¹⁵ Paragraph 29(1) of Schedule 4 to the Taxation (Cross-border Trade) Act 2018.

¹¹⁶ Regulation 91 of the D&S Regulations.



Declaration

This application is made by, or on behalf of, a UK industry that produces like goods to those that are the subject of this application.

This UK industry has at least 1% market share, taking into account the goods and particular market for those goods.

This application has the support of that UK industry as required in the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019. Specifically, producer support for this application is greater than producer opposition and represents at least 25% of all UK production of the like goods.

The information contained in this application:

- provides evidence that goods have been or are being dumped and/or evidence that subsidised goods have been or are being imported into the UK (as per schedule 1(g) and 2(g) of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019);
- provides evidence that the dumped and/or subsidised goods are causing injury to the UK industry (as per schedule 1(i) and 2(i) of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019);
- is sufficient to initiate an anti-dumping and/or subsidy investigation as per schedule 4 paragraph 9(1)(b) of the Taxation (Cross-border Trade) Act 2018; and
- is accurate and complete.

Name:	<i>[Sensitive information removed – Personal data]</i>
Company/Association:	<i>JCB Heavy Products Limited</i>
Position:	<i>[Sensitive information removed – Personal data]</i>
Company Registration number (if applicable):	<i>[Sensitive information removed – Personal data]</i>
Date:	
Signature:	



Checklist

Important

Please ensure that you have completed this application fully and refer to any attached documents using the corresponding appendix reference.

Complete the checklist above, to demonstrate you have covered all of the points, and attach evidence to support your claims and calculations.

Keep a copy of this application for your reference in case any queries arise when we are assessing the application. You will also need to refer to it if we initiate an investigation.

- ✓ The details of the UK producers making the application and level of UK industry support for the application
- ✓ The details of all known UK producers/associations of UK producers of like goods
- ✓ The volume and value of the domestic production of the like goods both by producers making the application and all other known UK producers
- ✓ Information that the market share requirement is met
- ✓ A complete description of the imported goods
- ✓ The names of countries/territories of origin and export of the imported goods
- ✓ The details of the exporters or overseas producers of the imported goods
- ✓ The details of the companies or individuals known to be importing the goods
- ✓ Normal values of the goods ***Dumping applications only***
- ✓ Export prices of the goods ***Dumping applications only***
- ✓ Details of subsidy programmes associated with the imported goods ***Subsidy applications only***
- ✓ The amount of countervailable subsidy attributable to the alleged subsidised goods imported into the UK ***Subsidy applications only***



- ✓ Changes in import volumes of the goods
- ✓ Effects of the imported goods on prices of like goods produced in the UK
- ✓ Impact of the imports have caused to the UK industry



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