



Verification report – Overseas Exporter Case AS0046: Certain excavators from China

Period of Investigation (POI):	1 July 2022 to 30 June 2023
Injury Period:	1 July 2019 to 30 June 2023
Date of report:	25 March 2025
Case team contact details:	AS0046@traderemedies.gov.uk
Interested Party verified:	Caterpillar (China) Investment Co., Ltd

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

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Executive Summary

The Trade Remedies Authority (**TRA**) is conducting an anti-subsidy investigation to determine whether injury is being caused to the UK excavator industry due to subsidisation of certain excavators imported into the United Kingdom (**UK**) from the People's Republic of China (**PRC**).

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

[AS0046 - Certain excavators from PRC](#)

Caterpillar (China) Investment Co. Ltd (**CCI**) returned a completed exporter questionnaire ('questionnaire response'). CCI procures and sells excavators produced by Caterpillar (Xuzhou) Ltd (**CXL**) [Sensitive information removed – commercially sensitive information]. We carried out verification work on information provided by CCI to ascertain the completeness, relevance and accuracy of the information submitted in questionnaire responses.

- We conducted a remote verification to evaluate the completeness, relevance and accuracy of information provided in the questionnaire response.
- We conducted a walkthrough of the accounting systems to gain an appreciation of the system and to assess the level of reliance to place on the data provided.
- We compared information provided in the questionnaire response regarding general company setup and associates against information on the company's website and audited in its financial statements, checking for consistency.
- We reconciled questionnaire responses with information held in CCI's Accounting System and its financial statements to ensure completeness, relevance, and accuracy.

Based on the verification activity undertaken the TRA have a reasonable level of assurance on the completeness, relevance and accuracy of the information provided

by CCI and its associated companies and we can rely on it for the purpose of this investigation.

Purpose of verification

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

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

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

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

Confidential information

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

If any information contained in the verification report is considered confidential, it should delete or redact those sections and provide a non-confidential summary of



the information which has been removed. It must provide reasons as to why the particular information is considered confidential (see also [public guidance](#)).

The non-confidential version of the verification report will be placed on the public file.

Verification

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

A. Company structure and associations

What information was considered

- Company details
- Owners and shareholders
- Associated companies
- Accounting practices

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

How the information was checked

- We reviewed the company details provided by CCI including information on products sold by comparing it with information on its website.
- For completeness, we also examined audited accounts for the financial year ended December 2022 and 2023 provided by CCI and CXL for consistency with information regarding ownership, shareholders, associated companies, and accounting policies and practices.
- We found that the information from audited accounts and CCI's website aligns with that provided in questionnaire responses.

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



Exceptions/Findings/Adjustments

None.

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

Conclusions

The information relating to company structure and associations provided by CCI is verifiable. Based on the work performed, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate and can therefore be used by the TRA for subsidy and injury assessments, and for any other purpose within the investigation.

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

B. Accounting Systems and Procedures

What information was considered

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

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

How the information was checked

We conducted a walkthrough of CCI's accounting systems to gain an appreciation of the applications used and to assess the level of reliance to place on the data



provided. CCI uses [Sensitive information removed - CCI's business operations] for its accounting processes; its accounting system [Sensitive information removed - CCI's business operations].

- We conducted a sale and purchase order process walkthrough. CCI showed us how each selected transaction was processed, step by step through the accounting system from inception to being recorded on the relevant ledger.
- We reviewed the accounting policies listed in the notes to audited financial statements. The financial statements are in accordance with [Sensitive information removed - CCI's business operations]. These align quite closely to IFRS.
- CCI demonstrated how information provided in its questionnaire response was extracted from [Sensitive information removed - CCI's business operations] and explained the methodologies used when allocating costs to PCNs.
- We found no material risk factors when reviewing the accounting system.

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

Exceptions/Findings/Adjustments

None.

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

Conclusions

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



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

C. Goods

What information was considered

- Description of goods in scope
- Product Control Numbers (PCNs)
- Internal coding systems

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

How the information was checked

The TRA reviewed purchases and sales documentation provided by CCI to ascertain whether PCNs were accurately allocated to the goods in scope.

During verification we:

- Reviewed weight and description of goods information provided in the questionnaire response against the allocated PCN to check goods in scope were declared correctly.
- Examined sales and purchase documentation to check goods in scope were declared correctly.
- Examined CCI's internal coding system to check it corresponds to the correct PCN.
- Reviewed and were satisfied goods listed as 'other goods' were outside the scope of the investigation.

Our findings indicate that the PCN structure has been consistently applied across submitted information.

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



Exceptions/Findings/Adjustments

None.

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

Conclusions

The information relating to the company's goods provided by CCI is verifiable. Based on the work performed, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate and can therefore be used by the TRA for subsidy and injury assessments, and for any other purpose within the investigation.

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

D. Purchases

What information was considered

- CCI's purchases

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

How the information was checked

- We reviewed the purchase dates of all transactions provided in the questionnaire response to ensure all occurred during the POI.
- We were able to reconcile CCI's purchases to CXL's sales in our selected sample transactions.



- We confirmed the transactions listed as goods concerned have correct PCNs assigned and are complete.

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

Exceptions/Findings/Adjustments

None.

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

Conclusions

The information relating to purchases provided by CCI is verifiable. Based on the work performed, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate and can therefore be used by the TRA for subsidy and injury assessments, and for any other purpose within the investigation.

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

E. Sales

What information was considered

- [Sensitive information removed – commercially sensitive information] sales reconciliations
- Sample of relevant sales transactions
- [Sensitive information removed – commercially sensitive information]

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



How the information was checked

Upwards Verification

The TRA carried out upwards verification to ascertain the completeness of sales figures provided by CCI in its questionnaire response. The POI straddles two financial years ended December 2022 and 2023. We reconciled the total sales of all goods sold during the POI reported in the questionnaire responses to the aligned sales figures from financial statements for the financial years ended December 2022 and 2023 with no issues.

During the remote verification meeting, we:

- Discussed and gained an understanding of how sales of goods concerned [Sensitive information removed – commercially sensitive information] were processed including roles of both CCI and CXL.
- Reconciled total sales figures of goods in scope provided in the questionnaire responses with relevant figures extracted from the sales ledger with no issues.
- Observed CCI reperform extraction and generation of sales information provided in the questionnaire response from [Sensitive information removed - CCI's business operations] with no issues.

Downwards Verification

The TRA selected a sample of [Sensitive information removed – commercially sensitive information] sales transactions for detailed testing during verification. CCI demonstrated the sales process and provided source documentation such as sales invoices, delivery documents, [Sensitive information removed - CCI's business operations] records during the verification visit.

During the remote verification meeting:



- We examined sampled sales documents. Transactions were traced back to source documents, from order inception through to payment evidence.
- We compared transaction by transaction data with data retrieved live from the sales ledger.
- CCI provided evidence of receipts of customer payments on [Sensitive information removed - CCI's business operations].
- CCI explained how [Sensitive information removed – commercially sensitive information] were calculated including how these were accounted for in the questionnaire response.

Overall, we were able to reconcile sales information provided by CCI to aligned financial statements. We were also able to trace sampled transactions to source documents with no material issues.

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

Exceptions/Findings/Adjustments

None.

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

Conclusions

The information relating to sales provided by CCI is verifiable. Based on the work performed, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate and can therefore be used by the TRA for subsidy and injury assessments, and for any other purpose within the investigation.

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



F. Fair Comparison

What information was considered

- [Sensitive information removed – commercially sensitive information]

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

How the information was checked

Source documents provided by CCI for transactions sampled for verification testing included [Sensitive information removed – commercially sensitive information]. We examined and discussed these during verification, with no material concerns identified.

CCI also explained how the charges above were determined or calculated including methodology used to allocate these to PCNs where relevant. The explanations provided appeared reasonable.

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

Exceptions/Findings/Adjustments

None

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



Conclusions

The information relating to fair comparison provided by CCI is verifiable. Based on the work performed, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate and can therefore be used by the TRA for subsidy and injury assessments and for any other purpose within the investigation.

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

Conclusions

We verified company details and ownership information provided by CCI by comparing it with audited financial statements and information published on the company website. We reviewed goods in scope and PCN allocation for consistency and accuracy. During verification, CCI demonstrated how it generated cost and sales information from its Information systems. A sample of purchase and sales transactions were traced back to source documents with no issues.

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

Annex

Annex 1: Meeting

Date and duration	Type of authentication	Company representatives	TRA representatives
11 to 14 March 2025 (28 hours)	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[Sensitive information removed – Personal information]	[Sensitive information removed – Personal information]