



Verification report – Overseas Exporter Case TD0035: Certain pneumatic tyres used for buses and lorries exported from the People’s Republic of China

Period of Investigation (POI):	1 January 2022 to 31 December 2022
Injury Period:	1 January 2019 to 31 December 2022
Date of report:	24 May 2024
Case team contact details:	TD0035@traderemedies.gov.uk
Company verified:	Chongqing Hankook Tire Co. Ltd

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



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Executive Summary

On 3 May 2023, the Trade Remedies Authority (TRA) initiated a transition review of an anti-dumping measure on certain pneumatic tyres used for buses or lorries originating in the People's Republic of China (PRC), henceforth referred to as the 'goods subject to review'.

As part of this review, the TRA sought to assess the completeness, relevance, and accuracy of the information submitted in the questionnaire response from overseas producer Chongqing Hankook Tire Co. Ltd (henceforth referred to as 'the company'). This information covered its company structure and operations, the goods it produces, costs and production figures, sales figures, and data relevant for assessment of potential future dumping should the measure be varied or revoked.

During the verification process, the TRA compared the company's questionnaire response, including the data submitted in the annexes and other accompanying information submitted as appendices, to information from open sources, such as the company's website and unqualified financial statements. We checked information for internal consistency and reconciled financial data to the financial statements and management accounts.

The TRA conducted a systems walkthrough during a verification visit to gain an appreciation of the accounting systems and processes used by the company and participated in a factory tour to aid our understanding of the production process. During the verification visit we provided the company the opportunity to clarify outstanding questions.

The TRA does not have any concerns to report in respect of the questionnaire response submitted by the company. We were able to corroborate the information provided in the company's questionnaire response, annex data, and all other submissions and evidence provided during the verification process on a sample basis.

Based on the verification activities we have undertaken, we have concluded that we have a reasonable level of assurance on the completeness, relevance and accuracy of the information provided by the company and we can use it to inform our decisions.

Purpose of verification

The purpose of the TRA's verification activity is to provide the assurance considered necessary to make a decision as to whether the information provided by the interested party is verifiable and can be used for the purposes of our review. Such information may then be considered in our assessments and analysis to determine whether injury is caused or likely to be caused to the UK industry by dumped imports of the goods subject to review. 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 activity using desk and remote analysis as well as on-site work. The activity undertaken did not seek to verify all information provided but to undertake the work considered appropriate and possible within the time constraints of the review to obtain assurance on which to base a decision.

This verification report documents the work we have completed, the checks the case team has carried out and conclusions we have reached about the reliability of information provided by the interested party.

Confidential information

The interested party must provide a non-confidential version of the verification report marked as "non-confidential" in the header of the report.

If any information contained in the confidential verification report is considered confidential, the party should delete or redact those sections and provide a non-confidential summary of the information which has been removed. It must provide reasons as to why the particular information is considered confidential (see also [public guidance](#)).

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



Verification

Please find below a summary of work that has been completed and the checks that have been carried out by the case team to determine whether the information provided by the interested party in its questionnaire response is verifiable.

A-I. Company structure and associations

What information was considered

We considered information relating to:

- ownership and organisational structure of the company;
- the company's business activities;
- facility locations;
- accounting practices;
- associated companies;
- events in business history.

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 cross-checked the information provided by the company relating to incorporation, scale of business operations, principal activities, corporate structure and ownership, company names, and associated parties by examining the company's financial statements, third-party sources, and the company's website. We found the information to be consistent with the information received from the company.

We compared the information provided by the company related to its product range against its website, checking the details it submitted against those it provides to its customers, finding the information to be consistent.

We reviewed the information the company reported regarding the location of its facilities against the company's websites, online map links and a visit to the site, confirming the geographic location in which it operates.

We reviewed the information the company provided in the questionnaire response in relation to associated parties by cross checking to the company's financial statements and website.



We conducted a walkthrough of the company’s accounting systems to gain an appreciation of the system and to assess the level of reliance to place on the data provided.

During this walkthrough, we followed the audit trail of selected transactions and were provided with screenshots and supporting evidence of the company’s sales and purchasing processes. Based on the walkthrough, we have a reasonable level of assurance that the accounting systems used by the company are sufficiently reliable for the TRA to rely on its data submission.

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

Exceptions/Findings/Adjustments

The TRA has no exceptions, findings, or adjustments to report with regard to the company information.

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 that we have been provided by the interested party is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate. The data can be used by the TRA for any purpose within the review.

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

A-II. Goods

What information was considered

We considered the following information relating to:

- goods produced by the company;
- the internal coding system used by the company for its products;
- the company’s allocation of product control numbers (PCNs);
- the manufacturing process for the like goods, including raw materials used and any other products of this process.



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 was able to check the company’s methodology for applying PCNs to its products by comparing a number of products to their descriptions.

We checked the PCNs used in the data supplied to ensure they only related to goods subject to review. The TRA was also shown how goods not within scope of the review were filtered from the results and found the results to be accurate.

We reviewed the similarities in the company’s submission regarding the production process, use of raw materials and the existence of any other products to a factory tour conducted at the company’s associated sister company and found the company’s submission to be reasonable.

We checked the transaction listing to identify whether any transactions had not been allocated a PCN code, and none were found without a PCN.

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

The TRA has no exceptions, findings, or adjustments to report with regard to the goods.

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

Conclusions

The information relating to the company’s goods that we have been provided by the interested party is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate and can therefore be used by the TRA for any purpose within the review.

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



B. Sales

What information was considered

Upwards verification

During upwards verification, the TRA considered:

- domestic sales and exports to the UK;
- sales to other countries.

Downwards verification

During downwards verification the TRA considered:

- a sample of relevant sales transactions;
- price reductions.

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 compared the company's sales figures within its financial statements to the company's submission. We noted a variance in relation to semi-finished goods which we considered to be immaterial.

The TRA is satisfied that the sales data provided by the company has been appropriately reconciled to its financial statements.

Downwards verification

We completed downwards verification work to check the accuracy and relevance of the transactions listed in the questionnaire annex response on a sampling basis.

We selected a sample of export and a sample of domestic sales transactions and obtained the relevant source documentation for these from the company. The company provided the TRA with evidence of orders being placed on its sales system, together with invoices and transaction details. We assessed the accuracy of the transaction data by comparing the transaction list provided to us with the provided documentation.

We further investigated the company's application of **[SENSITIVE: commercially sensitive information relating to company sales practices]**. We found that the invoices matched the data supplied.



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

Certain commercially sensitive information has been redacted as confidential in this section. In particular, the information relates to the specific nature of company sales practices which would – if disclosed – cause prejudice, or be likely to cause prejudice to, the commercial interests of the company.

Exceptions/Findings/Adjustments

The TRA has no exceptions, findings, or adjustments to report with regard to the company's sales.

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 that we have been provided by the interested party is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate and can therefore be used by the TRA for any purpose within the review.

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

C. Fair Comparison

What information was considered

To ensure a fair comparison of products is being undertaken we considered the following information related to domestic sales and sales to the UK:

- credit;
- differences in physical characteristics;
- level of trade;
- import charges;
- packaging costs;
- after sales costs;
- commissions;
- transportation, insurance, handling, loading and ancillary costs;
- calculation of CIF values.

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

Credit - The TRA compared the information provided by the company on how credit was calculated and applied on a transaction-by-transaction basis. We compared the information against publicly available interest rates. We cross checked the company's methodology finding the information provided to be reasonable.

Physical characteristics – We noted that the company had stated **[SENSITIVE: commercially sensitive information relating to company sales practices]**. Upon review of the products characteristics the TRA agreed this as reasonable.

Level of trade – The TRA confirmed that **[SENSITIVE: commercially sensitive information relating to company sales practices]**.

Import charges – The TRA noted that **[SENSITIVE: commercially sensitive information relating to company sales practices]**. The company has provided us with the methodology for assigning import charges which we find to be reasonable.

Packing costs – The company explained it's methodology for allocating packing costs. The TRA has been able to recreate this methodology across sampled transactions and agrees it to be reasonable.

Aftersales costs – The company explained in its submission how aftersales costs are calculated and allocated. The TRA noted that **[SENSITIVE: commercially sensitive information relating to company accounting policy]**. The company provided its methodology for calculating these costs which we found to be reasonable

Commissions – The company explained in its submission that **[SENSITIVE: commercially sensitive information relating to internal company organisation]**. The TRA confirmed the calculations as accurate.

Transportation/insurance/forwarding/handling charges – The company provided evidence of its calculation methodology in relation to domestic sales, which the TRA considers reasonable.

Calculation of CIF values – The company has provided the TRA its methodology for calculating the CIF value on relevant transactions. The TRA has reviewed this methodology and found it to be reasonable.

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

Certain commercially sensitive information has been redacted as confidential in this section. In particular, the information relates to the specific nature of company sales practices, internal accounting policy, and internal company organisation, which would – if



disclosed – cause prejudice, or be likely to cause prejudice to, the commercial interests of the company.

Exceptions/Findings/Adjustments

The TRA has no exceptions, findings, or adjustments to report with regards to fair comparison.

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 that we have been provided by the interested party is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate and can therefore be used by the TRA for any purpose within the review.

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

D-I. Costs

What information was considered

- The TRA checked:
- cost to make and sell;
 - cost allocations;
 - samples of major input costs.

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

How the information was checked

The TRA reconciled the cost of goods sold information in the company’s annex to its financial statements. We noted an immaterial variance that was subsequently explained by the company.

During verification the company was able to show how it had extracted the information from its accounting systems that was used to produce the information submitted and allocate costs to PCNs. We found the methodology used to produce this information to be reasonable.



The TRA requested detailed information regarding a sample of material purchases to compare to the information provided in the company’s submission. The company provided sufficient documentation for the TRA to agree that the purchase information provided is complete, relevant and accurate.

The TRA discussed the allocation of costs and the methodology involved with the company during verification. The company provided sufficient evidence to the TRA to confirm that the methodology used is 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

The TRA has no exceptions, findings, or adjustments to report with regard to costs.

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

Conclusions

The information relating to costs that we have been provided by the interested party is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant and accurate and can therefore be used by the TRA for any purpose within the review.

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

D-II. Performance

What information was considered

The TRA considered:

- production;
- capacity;
- stocks.

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 the information submitted by the company on capacity and production. During verification the company provided evidence to support its calculations for daily capacity and showed the TRA how it extracted output figures from its system. The TRA agreed the methodologies were reasonable and therefore the output volumes being used to measure capacity utilisation based on these figures could also be considered reasonable.

The company showed the TRA how it had produced the data relevant to its submission on stocks from its live systems. The TRA agreed the data output was 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

The TRA has no exceptions, findings, or adjustments to report with regard to the company's performance.

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

Conclusions

The information relating to performance that we have been provided by the interested party is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant and accurate and can therefore be used by the TRA for any purpose within the review.

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

Conclusions

Verification of a sample of the company's submitted data and a review of its accounting system did not identify issues that may impact upon the way the TRA intends to use its submitted data.

We are satisfied that the company and product information provided can be verified to source documentation. We have reasonable assurance that the company and product information provided is complete, relevant, and accurate during the POI.

We have been able to reconcile the submitted questionnaire data to the company's financial statements and have also been able to reconcile all sampled cost and sales



transactions to source documents. We are satisfied that the information provided in relation to fair comparison of domestic sales and sales to the UK is complete and reasonable.

We have a reasonable level of assurance that the allocation of manufacturing costs to PCNs reflects the actual cost incurred by the company during the POI.

The TRA has been able to review and compare the information provided relating to the company's performance, finding it to be relevant and reasonable.

In summary, we have obtained sufficient and appropriate evidence to conclude that the information provided is verifiable. We therefore have a reasonable level of assurance that the information submitted by the company is complete, relevant, and accurate for the purpose of informing this review.



Annexes

Annex 1: Meetings

Date and duration	Type of authentication	Company representatives	TRA representatives
30 - 31 January 2024 (1½ days)	On-site	[SENSITIVE: personal data of company representatives]	[redacted – personal information]