



Verification report – Overseas Exporter Case: TD0034 Steel Rope and Cables

Period of Investigation (POI):	1 January 2022 – 31 December 2022
Injury Period:	1 January 2019 – 31 December 2022
Date of report:	18/12/2023
Case team contact details:	TD0034@traderemedies.gov.uk
Company verified:	Fasten Group Imp. & Exp. 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 a transition review to determine whether the UK should maintain, vary or revoke an anti-dumping measure on steel ropes and cables (SRC) originating in the People's Republic of China (PRC) (including steel ropes and cables consigned from Morocco and the Republic of Korea), pursuant to Part 12 of The Trade Remedies (Dumping & Subsidies) (EU Exit) Regulations 2019 ('the D&S Regs.' or 'the Regulations') - Statutory Instrument 450/2019.

As part of the review, the TRA sought to assess the completeness, relevance, and accuracy of the information provided in the questionnaire responses by the Chinese producer and exporter of the goods subject to review and like goods – Fasten Group Imp. & Exp. Co., Ltd. (hereafter referred to as 'the Fasten Group') comprising of:

- Jiangyin Fasten Metal Products Co., Ltd. (FMP),
- Jiangsu Fasten Steel Cord Co., Ltd. (FSC),
- Fasten Group Imp. & Exp. Co., Ltd (FIE), and
- Fasten Group Import and Export Hong Kong Limited (FHK),

The information covered its company structure and operations, the goods it produces, sales, stocks, and production capacity.

During the verification process, the TRA compared the Fasten Group's questionnaire responses, including the Annex data and accompanying evidence, to information from sources such as the National Enterprise Credit Information System, and its own website, transaction documents, audited accounts, and trial balances. The accuracy and relevance of the data was verified through the performance of downwards verification procedures by tracing a sample of transactions to the source documents.

We were able to verify the information provided by the Fasten Group in its questionnaire responses, annex data and throughout the verification process. Based on the verification activities undertaken we gained a reasonable level of assurance on the completeness, relevance and accuracy of the information provided by the Fasten Group and we can use it for the purpose of this transition review.

Purpose of verification

The purpose of the TRA's verification activity is to provide the assurance considered necessary to decide whether the information (data) provided by the Fasten Group is verifiable and can be used for the purposes of our transition review. Such data may then be considered in our assessments and analysis to determine whether injury is caused or likely to be caused to the UK industry by dumped imports of the goods 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 activities using desk-based research and remote verification analysis. We did not seek to verify all information provided but carried out the work considered appropriate and practical within the time constraints of the transition review, to obtain the level of assurance required in order to base a recommendation.

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

Confidential information

The verification report is classified as 'confidential' and provided to the Fasten Group. The Fasten Group must provide a non-confidential version of the verification report marked as 'non-confidential' in the header.

If any information contained in the confidential verification report is considered confidential by the Fasten Group, 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 published on the public file.



Verification

Please find below a summary of work completed and the checks 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
<ul style="list-style-type: none"> • General set up, ownership and management, and production facilities • Associations • Accounting practices and policies • Accounting system walkthrough
<p><i>If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see Confidential information):</i></p>
How the information was checked
<p>General set-up, ownership/management, production facilities</p> <p>We cross-checked the company information provided by the Fasten Group by examining information held on the National Enterprise Credit Information System and the Hong Kong Companies Directory. We also used other open sources such as the Fasten Group’s company website. We found the information from these sources to be consistent with the information provided by the Fasten Group in its questionnaire response.</p> <p>Associations</p> <p>The Fasten Group provided a detailed diagram of associated companies in its questionnaire response showing how all four companies were connected within the group structure. We were able to verify that when conducting an independent online search for any steel related company within that group the same website was used by them all, as stated by the Fasten Group during verification. We analysed the Fasten Group’s transaction data to gather information on raw material suppliers and customers and found that there were no undeclared associated parties. We tested for associated party transactions by reviewing all sales and purchases, then we tested the associated company transactions during remote verification and received adequate explanations and evidence. We did not find any undeclared associations.</p> <p>Accounting Practices and Policies</p> <p>The financial statements for the Fasten Group are prepared in accordance with Chinese ‘Accounting Standards for Business Enterprises’ (ASBEs). We were able to verify the Group basis for accounts preparation, the financial year convention, and the methodology for valuing stock. There were no discrepancies between those results and the Fasten Group questionnaire responses.</p>



Accounting system walkthrough

We conducted a walkthrough of the Fasten Group accounting systems on 15 November 2023. The walkthrough allowed us to gain a better understanding of the accounting process described in the questionnaire response, as well as determine the level of reliance to place on the system and the data produced from it.

During this process, the Fasten Group showed us the general sales and inventory recording process from beginning to end, by tracing specific transactions. We identified that the accounting system appeared to be logical and well administered.

We have gained a reasonable level of understanding of the Group accounting systems and how it produced the figures provided in the questionnaire response. We consider the explanations provided reasonable and did not identify issues of concern.

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

There were no exceptions, findings, or adjustments to the report with regards to the company information and associations.

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 the Fasten Group 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 the dumping likelihood assessment and for any other purpose within this transition 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

- The Fasten Group’s internal product description.
- Sales Records descriptions.
- Sales brochures and their product descriptions and product specifications.

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

Internal coding system

The Fasten Group explained in its questionnaire response that it did not apply Company Control Numbers (CCN) in its daily operation, but instead the company uses product description in its financial and sales record. We reviewed the sales brochure and product descriptions to understand how to identify the goods subject to review and the like goods using the product description codes.

During verification the Fasten Group demonstrated the methodologies it used to create the PCNs from its product descriptions; we found the methodology to be reasonable. Also, the Fasten Group provided us a spreadsheet containing a comprehensive list of all its product codes including assigned PCNs. We gained an understanding of how it differentiated between the goods subject to review, the like goods, and other goods including the PCNs assigned to them and found no discrepancies.

We reviewed the Fasten Group’s detailed explanation of its internal coding system, observed the use of the codes within its sales records, and examined the evidence provided in the sales brochure to obtain a reasonable level of assurance that Fasten has properly assigned PCNs to the goods subject to review and the like goods in line with the PCN guide provided.

Completeness of the like goods provided by the Fasten Group

During verification the Fasten Group supplied us with spreadsheets that listed all the products, both in and out of scope, for the manufacturing companies FSC and FMP. The spreadsheets had filters which allowed us to sort what products were in and out of scope and their characteristics. During verification the Fasten Group walked through selected domestic sales data from the POI to confirm they did not include products out of scope of this review. This gave us a reasonable level of assurance that the Fasten Group goods in the domestic sales listings are within the scope of the review.

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

There were no exceptions, findings, and/or adjustments to report with regards to 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 provided by the Fasten Group is verifiable. Based on the work done, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate and can therefore be used by the TRA in the dumping likelihood assessment and for any other purpose within this transition 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

- Audited Accounts for FIE, FSC, FMP, and FHK
- Trial Balance for FIE, FSC, FMP, and FHK
- Exporter Questionnaire for FIE, FSC, FMP, and FHK
- Exporter Questionnaire Annexes
- Sample of relevant sales transaction
- Price reductions
- Associated party sales

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

Sales Upwards

We performed upwards verification of the Fasten Group’s sales data reported in the questionnaire annex by reconciling it to the audited financial accounts to test it for completeness. We were able to agree the total sales figures for the like goods reported in the questionnaire response to the sales figures in the audited financial accounts. In addition, during the remote verification, the Fasten Group demonstrated how the sales data was extracted from its accounting systems to create the questionnaire response. We found the process to be reasonable and clear.

Sales Downwards

In the downwards verification, we assessed the accuracy and relevance of the sales data submitted by the Fasten Group against source documents by selecting a sample of sales transactions through a risk and materiality-based approach for testing.

During the verification meeting, we went through the sampled transactions to ascertain the accuracy and relevance of the transactions. We analysed invoices, sales orders, delivery notes, and proof of payments and closely examined specific issues with the documentation provided (i.e. payment settlement for multiple invoices). We did not identify any material discrepancy in the documents reviewed. Where we found minor discrepancies, the Fasten Group provided explanations with evidence to reconcile the discrepancy. This gave us a reasonable level of assurance over the relevance and accuracy of the sales data tested.

We found no evidence of undeclared price reductions in any of the transactions we tested and were able to verify this further by questioning the Fasten Group and examining sales orders and internal accounts. We queried how the Fasten Group had calculated the domestic freight charges reported in the FSC annex. The Fasten Group explained how this had been calculated and we considered the explanation 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](#)):

Exceptions/Findings/Adjustments

There were no exceptions, findings, and/or adjustments to report with regards to 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 provided by the Fasten Group is verifiable. Based on the work done, we have a reasonable level of assurance that the information can be treated as complete, relevant and accurate and can therefore be used by the TRA in the dumping likelihood assessment and for any other purpose within this transition 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
<ul style="list-style-type: none"> • Capacity utilisation • Stocks • Sales to other countries
<p><i>If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see Confidential information):</i></p>
How the information was checked
<p>Capacity Utilisation</p> <p>The Fasten Group submitted annexes for all companies participating in the transition review. During verification it explained how it calculated capacity and capacity utilisation, using examples from FSC with a detailed breakdown of the process used including the formulas in a spreadsheet. We reviewed the data and recalculated the figures and considered it reasonable.</p> <p>Stocks</p> <p>Stock levels [redacted – commercially sensitive information] before the end of the POI. During verification we compared the stock numbers included in the annexes submitted by the Fasten Group for FMP and FSC to the spreadsheets extracted from its accounting systems and could see that the stock levels were the same as those in the annexes provided. The Fasten Group had previously satisfactorily demonstrated how they extracted this data from their accounting systems at the accounting walkthrough.</p> <p>Sales to other countries</p> <p>The Fasten Group provided the main operating income subledger for FIE, which has the largest volume of export sales to other countries within the Fasten Group, with the addition of information pertaining to the export market (country) on a transaction-by-transaction basis. We compared the figures present in this document with those contained within the questionnaire annex for FIE and found that they reconcile. This gave us a reasonable level of assurance over the relevance and accuracy of the sales data tested.</p> <p><i>If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see Confidential information):</i></p> <p>Sensitive information regarding stocks of the company has been redacted since it relates closely to the company's commercial operation.</p>
Exceptions/Findings/Adjustments
<p>None</p>



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

Conclusions

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

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



Conclusions

Having completed a walkthrough as well as upwards and downwards verification of the Fasten Group's data, we believe that the data supplied in its questionnaire responses and annexes is verifiable.

We identified that the Fasten Group is a producer and exporter of the goods subject to review and like goods in the People's Republic of China. We noted that there was an established system for recording financial transactions and we gained an understanding of the accounting system from which it produced the data provided to the TRA for this transition review.

During the remote verification, the Fasten Group answered our questions when we needed clarifications. It provided the requested source documents to support the data reported in the questionnaires and annexes. We verified the information in the source documents and found it to be consistent with the data in the questionnaire submissions.

We have obtained sufficient and appropriate evidence to conclude that the information provided by the company under all the sections above is verifiable. Therefore, we have a reasonable level of assurance that the information is complete, relevant, and accurate for the purpose of this review.

Annexes

Annex 1: Meetings

Date and duration	Type of verification	Company representatives	TRA representatives
Wednesday 15 th November 2023	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[redacted – contains personal information]	[redacted – contains personal information]
Wednesday 29 th November 2023	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[redacted – contains personal information]	[redacted – contains personal information]
Thursday 30 th November 2023	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[redacted – contains personal information]	[redacted – contains personal information]
Friday 1 st December 2023	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[redacted – contains personal information]	[redacted – contains personal information]