



Verification report – UK Importer

Case TS0036: Certain pneumatic tyres used for buses or lorries originating in the People’s Republic of China

Period of Investigation (POI):	1 January 2022 – 31 December 2022
Injury Period:	1 January 2019 – 31 December 2022
Date of report:	24 May 2024
Case team contact details:	TS0036@traderemedies.gov.uk
Company verified:	Hankook Tyres UK 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 a countervailing 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 the importer Hankook Tyres UK Ltd. (henceforth referred to as 'the company'). This information covered its company structure and operations, the goods it imports and sells, associated costs, sales figures, and data relevant for assessment of the economic impact of varying or revoking the measure.

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 Companies House, His Majesty's Revenue & Customs (HMRC), and the company's website. We checked information for internal consistency and reconciled financial data to the published (audited) 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. 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 (data) provided by the interested party is verifiable and can be used for the purposes of our investigation. We will draw various levels of assurance on the completeness, accuracy and relevance of information deemed verifiable. Such data may then be considered in our assessments and analysis to determine whether injury is caused or likely to be caused to the UK industry by subsidised 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-based procedures, remote analysis and 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 investigation 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 their 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;
- company role and business activities;
- facility locations;
- accounting practices;
- associated companies;
- events in the 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 the company provided in its questionnaire response about its general set up, its role, location and accounting practices for consistency with independent sources including filings at Companies House and other online resources.

We checked information provided in the company's questionnaire response concerning other companies in the same group and associated parties to the [Hankook Global Website](#), independent company listings and other online resources. Besides those detailed in the response, we have not identified any other relevant associated parties with whom the company had transactions with and that should have been declared in the questionnaire response or annexes.

We have examined the transaction listing provided in the questionnaire annex and identified all the sales, purchases, and cost transactions with associated parties.

We conducted a walkthrough of the company's accounting systems to understand how they are used. During this walkthrough, we followed the audit trail of two selected transactions and were provided with screenshots and supporting evidence of the company's sales and purchasing processes. Based on this 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 regards to the company's structure 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 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. It can therefore be used by the TRA for any purpose within the investigation.

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

A-II. Goods

What information was considered

We considered information relating to:

- the internal coding system used by the company for its products;
- the company's allocation of product control numbers (PCNs).

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 considered the methods by which the company assigned PCNs to the goods subject to review. We assessed the internal coding system and where possible, matched this with characteristics in the PCN structure. We also reviewed the [company website](#) to consider other characteristics such as tyre position and purpose. We then checked a sample of the products listed in the annex and confirmed that the codes and descriptions matched the allocated PCNs.

The company also confirmed that the process for allocating PCNs was identical to that which had been presented during the TRA's verification visit to the associated



Hankook exporters (Jiangsu Hankook Tire Co Ltd and Chongqing Hankook Tire Co Ltd). Finance staff walked us through the process and demonstrated how they were able to create reports and apply filters on the accounting system to automate the assignment of PCNs to relevant model numbers.

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 regards to the company's 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. Imports

What information was considered

During upwards verification of the purchases data we considered:

- the relevance of the import purchase transactions to the goods subject to review;
- alignment of the POI and financial statements;
- total import values and volumes.

During downwards verification we considered:

- sampled purchase costs;
- supporting documentation including purchase/sales orders, screenshots of accounting systems, shipping request documents, commercial invoices, packing lists, sea waybills and customs clearance;
- import charges/indirect taxes;



- brokerage fees;
- port management fees;
- storage fees.

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

As described in Section A, we established that the company had correctly identified all goods subject to review. We then checked that the purchase transactions were limited to the POI and queried invoices and orders which were dated 2021 (the year before the POI). The company confirmed that purchases are recognised when the company receives the goods and that documents dated 2021 related to goods that were then received in the POI.

We confirmed that the company's accounts align with the POI.

We checked the total import values and volumes of the goods subject to review reported in the annex against the company's purchase ledger, accounting system and information in the aligned financial statements. We have a reasonable level of assurance that the total import volumes and values for the 'goods subject to review' and 'like goods' during the POI agree to the importer's purchase ledger and to the information provided in the aligned financial statements.

Downwards verification

The TRA selected a sample of import transactions from the questionnaire annex and agreed the transactions to copies of purchase/sales orders, screenshots from accounting systems, shipping request documents, commercial invoices, packing lists, sea waybills and customs clearance. During the site visit, the company walked us through the purchase process and payment of invoices. From the work undertaken we have a reasonable level of assurance that the import transaction data is accurate and relevant.

We confirmed that customs duties and anti-dumping/countervailing duties had been correctly reported in the questionnaire annex by comparing against the relevant Taxation Notices/UK Trade Tariff Tool and checking calculations.

In the annex, the company also reported figures related to brokerage, port management and storage fees. The company provided supporting documentation which detailed the calculations for these amounts. The TRA assessed these, discussed with the company during the verification visit and found no issues with the calculations and estimates provided.



We identified that approximately [SENSITIVE: commercially sensitive information relating to company accounting policy]. The company [SENSITIVE: commercially sensitive information relating to company accounting policy]. We assessed this methodology and concluded that this was a reasonable approach.

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 accounting policy 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 the company’s import purchases.

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 imports 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. Sales

What information was considered

During upwards verification of sales we considered:

- total sales reported in the questionnaire annex;
- management accounts covering the POI;
- financial statements for the POI.

During downwards verification we considered:

- transaction-by-transaction domestic sales and sales reconciliation reported in the questionnaire annex;
- financial statements;
- sales and price reductions general ledger entries;



- supporting evidence for sales transactions including dispatch notes, sales invoices, contract, proof of payment and sales ledger entries;
- supporting evidence for price reductions including copies of invoices and company ledger entries;
- supporting evidence that shows adjustments for delivery charges such as transport invoices, customs declarations, and agreements with transporters.

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

How the information was checked

Upwards verification

We checked the sales reported in the management accounts to the financial statements published on Companies House. The sales per the management accounts agreed to the filed financial statements.

We checked the total sales value and volume of the goods subject to review detailed in the questionnaire annex against the value and volume reported in the company's management accounts. There was a difference of less than 1% for both figures which we deemed immaterial.

Downwards verification

We selected a sample of sales transactions from the questionnaire annex. The company provided copies of source documents and screenshots of accounting entries on its accounting system for the sampled transactions. From the evidence provided we were able to cross check each of the transactions from sales order to proof of payment including inclusion in the sales ledger.

In the questionnaire annex, the company reported the net billing amount, **[SENSITIVE: commercially sensitive information relating to company sales practices]**. On the verification visit, we discussed **[SENSITIVE: commercially sensitive information relating to company sales practices]**. From the work undertaken we have a reasonable level of assurance that **[SENSITIVE: commercially sensitive information relating to company sales practices]** in the annex are fairly stated.

Invoice prices include the cost of delivery and therefore we examined the allocation of transport costs provided in the sales listing. The company provided a detailed explanation of how these charges were calculated with the questionnaire submission and we also discussed this during the verification visit. We have reasonable assurance that the methodology for the calculation and allocation of costs to the transactions fairly reflects the relevant transportation costs.

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 regards 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](#)):

D. Economic Interest Test

What information was considered

We considered information submitted in the questionnaire response and corresponding annex related to:

- geographical location of the site;
- suppliers;
- employment figures and median wages;
- potential economic impact if measures were revoked including changes in market share, prices and the potential impact on downstream industries and consumers.

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 noted that Jiangsu Hankook Tire Co Ltd and Chongqing Hankook Tire Co Ltd are separately registered interested parties to the review. These parties are



subject to individual verification activities as exporters of the goods subject to review and suppliers of Hankook Tyres UK.

We checked the figures for employee numbers provided in the questionnaire annex against the figures for average monthly number of employees during the POI. We identified a minor difference but after discussing on the verification visit, the company provided further clarification that the financial statements had utilised payroll lists which were managed by an external company and included some records of staff that had left the company. The TRA was satisfied with the additional evidence submitted and has a reasonable level of assurance that the employment figures submitted in the questionnaire annex are accurate.

We compared the median wage for employees to the mean wage as per the financial statements. The mean wage was a little higher, but this is understandable as the figures are not directly comparable and is likely due to the distribution of staff on different salaries. Based on the information provided we have a reasonable level of assurance that the employment figures and information on wages provided in the annex are accurate.

We have noted the arguments presented on the potential economic impact on the UK market if measures were removed.

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 regards to the data and claims provided relating to the economic interest test.

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 economic interest 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 purposes 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

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 purchase and sales transactions to source documents.

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
7 March 2024 (1 day)	<input type="checkbox"/> remote <input checked="" type="checkbox"/> on-site	[SENSITIVE: personal data of company representatives]	[redacted – personal information]