



## Verification report – UK Producer Case TD0026: Certain hot-rolled flat products

<b>Period of Investigation (POI):</b>	1 April 2021 to 31 March 2022
<b>Injury Period:</b>	1 April 2018 to 31 March 2021
<b>Date of report:</b>	20 October 2022
<b>Case team contact details:</b>	TD0026@traderemedies.gov.uk
<b>Company verified:</b>	TATA Steel UK Limited

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

Please note that the data provided by Tata Steel UK Limited and verified by the TRA was identical for all three transition reviews concerning Hot Rolled Flat and Coil products: TD0017, TS0018 and TD0026. Consequently, the case team is issuing three Verification Reports, the substance of which is the same.



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## Executive Summary

The Trade Remedies Authority (TRA) is conducting a transition review to determine whether the UK should vary or revoke anti-dumping measures on hot-rolled flat iron, non-alloy, or other alloy steel products from the Russian Federation (Russia), Ukraine, Federative Republic of Brazil (Brazil) and the Islamic Republic of Iran (Iran), 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 that the producer TATA Steel UK Limited (TSUK) provided in its questionnaire response. This covered its company structure and operations, imports, sales, injury, and the economic impact of varying or revoking the measures.

During the verification process, the TRA compared TSUK's questionnaire responses, including the data annexed to the accompanying evidence, information from open sources, such as Companies House, HM Revenue & Customs (HMRC) and TSUK's website. A reconciliation was performed between the audited financial statements and the financial data provided in the questionnaire annex in order to verify the consistency of the information.

The TRA does not have any concerns to report in respect of TSUK's questionnaire response. We were able to verify the information provided by TSUK in their questionnaire response, annex data and throughout the verification process.

Based on the verification activity that we have undertaken we have concluded that we have a reasonable level of assurance on the accuracy and completeness of the information provided by TSUK 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 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 drew a reasonable level 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 dumped or 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 research and undertook on-site verification analysis. 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 transition 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 verified party.

## Confidential information

The verified party must provide a non-confidential version of the verification report marked as “non-confidential” in the header of the non-confidential verification 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. Company structure and associations

What information was considered
<ul style="list-style-type: none"> <li>• General set up, ownership locations, and management.</li> <li>• Associations.</li> <li>• Accounting practices and policies.</li> <li>• Accounting system walkthrough.</li> </ul>
<p><i>If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see <a href="#">Confidential information</a>):</i></p>
<p>Not applicable.</p>
How the information was checked
<p><b>General set-up, ownership, locations, and management</b></p> <p>We cross-checked the information provided by TSUK on company details, ownership, and locations by examining submissions published by Companies House, including the company's most recent audited financial report for the year ending 31st March 2022, which coincides with the period of investigation (POI) and its incorporation certificate. We found the information from these sources to be consistent with the information provided by TSUK in its questionnaire response and on its own website.</p> <p><b>Associations</b></p> <p>We conducted our investigation using information found on Companies House, which also allowed us to determine whether any of the company's directors or shareholders had associations with other companies. The findings were compared to the questionnaire responses. We found the information we retrieved from those sources to be consistent with the information provided by the company in its questionnaire response.</p> <p><b>Accounting Practices and Policies</b></p> <p>The financial statements for TSUK are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Detailed accounting policies for the company are included on page 39 of the audited financial statements. We were able to verify TSUK's basis for accounts preparation, the financial year convention, the methodology for valuing stock, and the method for revenue recognition. There were no discrepancies between those results and TSUK's questionnaire response.</p> <p><b>Accounting system walkthrough</b></p>



On 22nd and 23rd August 2022, we conducted a walkthrough of the accounting system (SAP) on how costs and sales were tracked into TSUK’s accounting system. [REDACTED - The reason for the redaction is given in the box below by TSUK]. We were able to gain an understanding of the accounting process as well as determine whether we could rely on the information provided for sales and costs from the accounting system. During this process, we determined what tasks are manual, where there are segregated duties, and what checks and approvals are needed before transactions are posted to the accounts.

During the system walkthrough, we were provided with screenshots and the relevant supporting evidence of the sales and purchase process. We requested and received demonstrations of the audit trail generated when changes are made in the accounting system, the system controls, as well as the reports from the system that were used to extract the data entered by TSUK into the questionnaire response. Based on this walkthrough, we have a reasonable level of assurance on the reliability of the systems in place from which the information we have been given was sourced.

We have a reasonable level of assurance that the information relating to company information and associations that the interested party has provided us is complete, relevant, and accurate.

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

CONFIDENTIAL – information related to TSUK’s accounting systems which is not susceptible of summary.

**Exceptions/Findings/Adjustments**

There were no exceptions, findings, and adjustments to 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](#)):*

Not applicable.

**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 and can therefore be used by the TRA for the dumping likelihood assessment, the EIT assessment, the injury 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](#)):*

Not applicable.



## B. Goods

### What information was considered

- Commodity code (CC) allocations and internal coding system.
- Goods description and comparability to the like goods made and sold in the UK. The like goods are defined in [Notice of initiation](#) on the public file.
- Goods description in relation to thickness, width, whether patterned or pickled; and
- Verification of a sample of sales transactions provided in the questionnaire annex to the goods description per the commodity code.

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

Not applicable.

### How the information was checked

#### **Commodity code allocations and internal coding system**

During a walkthrough of TSUK's systems, we were provided with a summary of the internal coding system used for its products, alongside screenshots from its internal systems showing the transfer of internal identifiers as products transfer between production stages. During on-site verification, we observed identification details being applied to intermediate products and TSUK demonstrated the methods used to identify data related to the like goods in its accounting systems when undertaking verification of sales transactions. Upon request, TSUK demonstrated how the report generated from its accounting system is used to assign commodity codes to the like goods. A walkthrough demonstration of the method used to assign commodity codes were provided with product details on width, gauge, and chemical composition, we were able to verify that these products were in scope of the investigation.

We cross-checked the information provided by TSUK on product internal codes and the allocation of their products to commodity codes with information available on the UK Integrated Online Tariff website. The information obtained from this source is consistent with the information provided by TSUK in its questionnaire response and further submissions that included a transaction-by-transaction listing with product characteristics.

We also cross-examined the commodity codes for goods contained in the sales listings and Annex 7 of the questionnaire response against the commodity codes listed in the Notice of Initiation to determine whether the goods were in scope of the investigation and the data was relevant.

We have a reasonable level of assurance that the information relating to products that the interested party has provided us is verifiable and can be treated as complete, relevant, and accurate.

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



Not applicable.

Exceptions/Findings/Adjustments

There were no exceptions, findings, and 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](#)):*

Not applicable.

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 the dumping likelihood assessment, the EIT assessment, the injury likelihood assessment 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](#)):*

Not applicable.

C. Costs

What information was considered

TSUK submitted their cost data for all goods and like goods in their questionnaire responses. All goods include the like goods and all other goods that TSUK produces. The upwards verification is the process of verifying this information submitted by TSUK to its audited financial statements using their trial balance, [Non-confidential summary - several data sources], to test the completeness and relevance of the financial data provided.

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

CONFIDENTIAL – information related to TSUK's accounting systems is replaced with a non-confidential summary.

How the information was checked

**Upwards verification**

We performed upwards verification to confirm the completeness of the cost to make and sell, by reconciling the total cost to make and sell data for all goods provided by TSUK in their questionnaire response annex to the latest audited financial accounts from Companies House for the year ending 31st March 2022.

TSUK'S financial year runs from 1 April to 31 March, which aligns with the POI for this transition review. As a result, the reported total cost to make and sell data in TSUK's





financial accounts for all goods aligns to the data contained in TSUK's questionnaire response.

We reviewed TSUK's accounting system during the walkthrough to fully understand how costs are allocated to like goods using the trial balance and [Non-confidential summary-TSUK's data sources] in order to confirm the reliability of their cost data. We have gained reasonable level of assurance over the completeness of the cost data provided.

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

CONFIDENTIAL – information related to TSUK's accounting systems is replaced with a non-confidential summary

#### Exceptions/Findings/Adjustments

There were no exceptions, findings, and adjustments to report with regards to costs.

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

Not applicable.

#### 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 the dumping likelihood assessment, the EIT assessment, the injury likelihood assessment and for any other purpose within the transition review.

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

Not applicable.

## D. Sales

#### What information was considered

- TSUK submitted their sales data for all goods and the like goods in their questionnaire responses. Upwards verification is the process of verifying this information to TSUK's audited financial statements to test completeness and relevance.
- Downwards verification is the process of verifying this information by confirming whether it is consistent with TSUK's source documentation, so that the sales data submitted can be relied upon.
- TSUK's questionnaire annex was examined for any negative sales or missing sales.

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



Not applicable.

How the information was checked

**Upwards verification**

We performed upwards verification on the sales data, wherein we checked whether the sales reported in TSUK’s submission were consistent with figures in the published audited accounts.

The POI aligned fully with the financial year in TSUK’s audited accounts. We reconciled the revenue figure provided by TSUK in the questionnaire response for all goods against the total turnover figure obtained from TSUK’s audited accounts.

We asked TSUK to explain and demonstrate the method used to identify the sales revenue for the like goods, as reported in the questionnaire response. This data had been retrieved using reports generated in TSUK’s accounting system. We requested a demonstration of the extraction of such reports and observed how the sales data were filtered to identify the like goods and to distinguish between domestic and export sales.

[REDACTED - The reason for the redaction is given in the box below by TSUK]. In order to ensure the completeness of the sales data and assurance of the split between scope and non-scope sales we obtained a breakdown of the month-by-month total sales for [Non-confidential summary - TSUK’s product] split by the like good and other goods. The total monthly breakdown provided for the like goods was agreed to the sales transaction by transaction listing provided in the questionnaire annex. In addition, we selected a sample of one month in September 2021, in which a sample of scope and non-scope transactions were verified to supporting documentation. There were no issues identified during the verification.

We have a reasonable level of assurance that the information relating to the upwards sales verification that the interested party has provided us can be treated as complete.

**Sales analysis**

We examined the data for outliers by performing an analysis of monthly sales volume and monthly prices for each commodity code sold domestically, trade by customer, customer type over the POI through total sales value, total sales volume, and average unit prices. We evaluated each consideration’s risk and materiality before selecting a transaction and based on outliers identified in these analyses, we selected a sample of sales transactions for verification.

During the process of selecting transactions, we ensured that we had adequately covered all customer types, commodity codes, transactions that had been identified as anomalies based on volume and value analyses, as well as transactions from the beginning to the end of the POI to determine revenue recognition criteria.

**Downwards verification**

This part of the verification involved selecting a sample of 21 sales transactions based on the outliers identified in the sales analysis described above and agreeing the volume, value and other key information fields provided within the questionnaire annex to source



documents to verify the accuracy of the data. We reconciled the sales transactions selected to the source documentation listed below:

- sales invoice;
- haulage company invoices and breakdown were provided to agree the freight costs incurred by TSUK;
- purchase order received from the customer;
- order acknowledgment raised by TSUK;
- proof of delivery;
- rebate agreement;
- general ledger entries on SAP;
- bank statement; and
- checked whether the revenue recognised is in line with the revenue recognition accounting policy.

We reviewed the documents for the transactions selected and, in general, the details in the documents were consistent with the details in the transaction-by-transaction data annex. [REDACTED - The reason for the redaction is given in the box below by TSUK].

As part of the verification process, we attempted to verify the net invoice value, the freight costs described in the questionnaire response annex, and the freight revenue described on the invoices provided by TSUK. [REDACTED - The reason for the redaction is given in the box below by TSUK].

Following this clarification and our review, we asked for a breakdown of the sales invoice to include the value of the transactions allocated to the steel products on invoices in TSUK's accounting system, and the freight revenue charged to customers for shipping the goods for all transactions. [REDACTED - The reason for the redaction is given in the box below by TSUK].

In response to our request for clarification of the assignment of commodity codes for a number of transactions in the selection, TSUK explained that [Non-confidential summary - commodity codes are not allocated for domestic sales and a best-fit match had been made]. [REDACTED - The reason for the redaction is given in the box below by TSUK]. However, for the purpose of providing all transactions within the POI, this was not feasible. TSUK provided clarification regarding the assignment of these commodity codes and the number of steel grades that were applicable to this inquiry. We compared the steel grades identified in the transaction selection with commodity codes purchased by other customers in similar industries. As a result of this comparison, we concluded that the methodology for assigning models to commodity codes was appropriate.

[REDACTED - The reason for the redaction is given in the box below by TSUK].

[Non-confidential summary - Credit notes were verified]. A sample of six credit balances was tested, and no issues were found.

#### **Associated party transactions**



In order to determine the independent and associated party prices, we conducted a detailed analysis of the sales transaction-by transaction listing provided in the questionnaire annex. Based on our review of the transaction prices to independent and associated customers, we found that the price differences observed were consistent with TSUK's policy. [REDACTED - The reason for the redaction is given in the box below by TSUK].

We have reasonable assurance that the information regarding associated party transactions received from the interested party is accurate, verifiable and consider the sales related to be at arm's length.

We have a reasonable level of assurance that the information relating to price reductions that the interested party has provided us is verifiable and verified. It can therefore be treated as complete, relevant, and accurate, and can be used in 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](#)):*

CONFIDENTIAL – information related to TSUK's sales has been provided in a non-confidential summary or redacted where it is not susceptible of summary.

**Exceptions/Findings/Adjustments**

There were no exceptions, findings and 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](#)):*

Not applicable.

**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 the dumping likelihood assessment, the EIT assessment, the injury likelihood assessment 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](#)):*

Not applicable.

**E. Injury**

**What information was considered**

- Domestic and export sales value for the like goods.
- Domestic and export sales volumes for the like goods.
- Profitability for all goods and like goods.
- Production output by volume and value for the like goods.
- Market share for the like goods.



- Investments and return on investment (ROI) figures.
- Total production capacity and capacity utilisation for the like goods.
- Cashflow for all goods.
- Inventory of the like goods.
- Employment, median wage, and productivity for the like goods.

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

Not applicable.

#### How the information was checked

##### **Domestic and Export values for the like goods**

We have been able to gain reasonable assurance over sales for the like goods reported in the questionnaire annex by agreeing the balance provided for the POI to the signed financial accounts, with no variance identified.

The sales downwards verification activities are described in section D, as a result of which we gained reasonable assurance that the data provided by TSUK is relevant, complete, and accurate, and can be used for the purposes of this transition review.

Based on the verified data, graphs were created, and the trends show a slight, gradual increase over the POI, except for domestic sales in 2020/21, which decreased as a result of the COVID-19 national lockdowns. These trends can be observed in Appendix 2 Figures 1, 2 and 3 (confidential). The TRA completed independent research into the prevailing market conditions across the injury period. This supported TSUK's commentary regarding general trends.

##### **Profitability for all goods and the like goods**

The profitability for all goods has been reconciled between the injury Annex 9 and the audited financial statements with no variances, once the restructuring, impairment and disposal costs have been adjusted for. The profitability for like goods has been reconciled between the Annex 9 (injury), Annex 4 (cost reconciliation) and Annex 3 (cost to make and sell). The source of these figures was extracted from their accounting systems and TSUK demonstrated this to us during the system walkthrough and the verification visit.

Profitability for all goods varied more considerably over the injury period than that of the like goods, which again showed a slight, gradual increase with the exception of 2020/21 due to the COVID-19 pandemic. These trends can be observed in Appendix 2 Figure 4 (confidential).

TSUK stated in their questionnaire response section E (injury question 1), that the low-priced, dumped imports from the countries concerned had a corrosive effect on, amongst other things, profit margins. [REDACTED - The reason for the redaction is given in the box below by TSUK].

We found the profitability figures in TSUK's questionnaire annex reconciled to the audited financial statements over the injury period (accessible on Companies House). Based on



this, we are assured that the profitability data is relevant, complete, and accurate and can be used by the TRA for this review.

#### **Production output by volume and value for the like goods**

The production output of the like goods has been verified. [REDACTED - The reason for the redaction is given in the box below by TSUK]. This data was used to create graphs, which showed the output by volume trend increasing slightly over the POI but with increases in 2019/20 and decreases in 2020/21 which could be explained by the pandemic. The output by value trend shows a higher increase over the injury period, indicating the rising price of hot-rolled steel products. These trends can be observed in Appendix 2 Figures 5 and 6 (confidential).

Accordingly, we have verified the data relating to production volumes and assured this can be treated as relevant, complete, and accurate and can be used by the TRA for this review.

#### **Market share for the like goods**

The market share data for the like goods was estimated from a range of sources including UK Trade data, ISSB data and verified figures from TSUK to build a picture of the UK domestic market. There are two UK producers of hot-rolled steel products in the UK, by which TSUK is the largest by a considerable margin, and the rest of UK demand is met by imports. Having verified the production output by TSUK, we were able to verify the estimated market share for the like goods sold domestically.

TSUK's market share has slowly begun to increase over the injury period, due to the reduction in imports likely as a result of the impact of the anti-dumping measure. This trend can be observed in Appendix 2 Figure 7 (confidential).

TSUK's estimations of their market share are in line with the research we conducted to build a picture of the UK market for hot-rolled products, and accordingly, we are assured that the market share data is reasonable and can be used by the TRA for this review.

#### **Investments and return on investments (ROI) for all goods**

[REDACTED - The reason for the redaction is given in the box below by TSUK]. We have verified the investment and ROI figures company wide. The ROI was recalculated, using TSUK's Income Statement for the net operating profit before tax, and the Balance Sheet for the capital employed figures. We compared the recalculation with the ROI percentage reported by TSUK with no material differences were identified.

The ROI trendline shows an increase over the injury period, however this is from a negative position and only reaching a positive, reasonable ROI in the POI. This trend can be observed in Appendix 2 Figure 8 (confidential). We have verified the data relating to investments and ROI and accordingly we are assured that the investment data is relevant, complete, and accurate and can be used by the TRA for this review.

#### **Total production capacity and capacity utilisation for the like goods**

We were able to confirm the total production capacity of the like goods, as reported in the questionnaire annex. We observed the production of the like goods during the system walkthrough and have received internal information supporting the maximum production





capacity, which in addition to further research appears reasonable. [REDACTED - The reason for the redaction is given in the box below by TSUK].

We were able to verify the capacity utilisation figures by dividing the verified production output figures by the verified total production capacity to reach a production capacity utilisation figure. This figure matched the capacity utilisation TSUK provided in the Annex 9 (injury).

The total production capacity has not changed over the injury period, and the production utilisation capacity trendline has been relatively flat with only minor deviations year on year [REDACTED - The reason for the redaction is given in the box below by TSUK]. The trends for this can be observed in Appendix 2 Figure 9 (confidential).

We have verified the data relating to total production capacity and capacity utilisation and accordingly we are assured that the data is relevant, complete, and accurate and can be used by the TRA for this review.

#### **Cashflow for all goods**

[REDACTED - The reason for the redaction is given in the box below by TSUK]. These figures can be traced back to the cashflow statements provided by TSUK for the four years and match as listed in the questionnaire annex.

The trendline for the cashflow for all goods during the injury period increased slightly. [REDACTED - The reason for the redaction is given in the box below by TSUK]. This trend can be observed in Appendix 2 Figure 10 (confidential).

#### **Inventory of the like goods**

Inventory values and volumes were able to be verified from the submitted POI data in the questionnaire annex to the signed financial statements and supported by the reconciliations provided.

Trendlines for the inventory figures show a decrease over the injury period, this can be observed in Appendix 2 Figure 11 (confidential). [Non-confidential summary -TSUK's stock fluctuated due to internal and external factors.]

We have verified the data relating to inventory of the like goods and accordingly we are assured that the data is relevant, complete, and accurate and can be used by the TRA for this review.

#### **Employment, median wage, and productivity for the like goods**

We have been able to verify the employment figures for the whole company, by reconciling the employment figures provided in the questionnaire annex to the latest audited financial accounts for the year ending 31<sup>st</sup> March 2022. We were provided the year-end payroll for [Non-confidential summary - TSUK]. The trendline for the employment figures, which can be observed in Appendix 2 Figure 12 (confidential). [REDACTED - The reason for the redaction is given in the box below by TSUK].

The productivity of the like goods was calculated by dividing the verified output figure by the previously verified number of employees of the like goods. The data shows productivity has



returned to pre-COVID-19 levels following a dip in 2020/21. This can be observed in Appendix 2 Figure 12 (confidential).

The median wages of the employees for the like goods during the injury period was verified through the financial statements. To do this, we took the average number of employees in the audited accounts as per note 4 and divided this by the total employment costs also listed in note 4. The figure we calculated matched that submitted by TSUK in the questionnaire annex. The median wage trendline has increased over the injury period, this can be observed in Appendix 2 Figure 12 (confidential).

We have verified the data relating to employment, productivity and median wage relating to the like goods and accordingly we are assured that the data is relevant, complete, and accurate and can be used by the TRA for this review.

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

CONFIDENTIAL – information related to TSUK’s injury indicators has been provided in a non-confidential summary or redacted where it is not susceptible of summary.

#### Exceptions/Findings/Adjustments

There were no exceptions, findings and adjustments to report with regards to injury.

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

Not applicable.

#### Conclusions

The information relating to injury factors 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 the dumping likelihood assessment, the EIT assessment, the injury likelihood assessment 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](#)):*

Not applicable.

## F. Economic Interest Test

#### What information was considered

- UK producers of hot-rolled flat and coil (HRFC).
- Location of sites.
- Structure of supply chain.
- Employment.





- Exports and exports share.
- Market Share.
- The significance of HRFC to TSUK (Sales of HRFC value/volume compared to Total sales value/volume).

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

Not applicable.

#### How the information was checked

##### **UK producers of HRFC**

In the UK, there are two producers of hot-rolled steel products, with TSUK being the largest. The principal activities of TSUK are steel manufacturing and it is an integrated manufacturer of various steel products, including HRFC. We verified TSUK as the domestic producer of HRFC in section A of this report where we checked the information provided by TSUK on company details, ownership, and locations to the most recent audited financial report for the year ending 31st March 2022, which coincides with the period of investigation (POI) and its incorporation certificate.

##### **Location of sites**

The TRA was able to verify the details of locations provided by TSUK through desk research including Companies House.

##### **Structure of supply chain**

TSUK's supply chain was verified by checking a sample of receipts of its raw materials purchases and sales to downstream buyers, which contained the names of sellers and buyers. A sample of these was cross checked on Companies House and through other desk research and confirmed to be in the HRFC supply chain.

During onsite verification, TSUK's supply chain was discussed further, including the role of intermediaries between TSUK and final consumers. During desk research, we examined Companies House and company websites to verify that intermediaries were often referred to as service centres or stockists. Importers identified through HMRC Trader Search face the same challenges.

##### **Employment**

TSUK's employment figures were verified against the audited financial statements, please see section E above. Based on audited accounts, we were able to estimate median wages based on average employee numbers and total employment. We were able to gain reasonable assurance over TSUK's reported median wages.

##### **Sales and Costs**

For verification regarding sales and costs, please refer to sections C and D above. Based on the POI, the following figures were used:

- The cost to make and sell per unit of the like good is [REDACTED - The reason for the redaction is given in the box below by TSUK].



- The total sales volume and value of the like good are [REDACTED - The reason for the redaction is given in the box below by TSUK] (tonnes) and [REDACTED - The reason for the redaction is given in the box below by TSUK].
- Raw materials purchased by TSUK for the like good is [REDACTED - The reason for the redaction is given in the box below by TSUK].

**Exports and exports share**

In the downstream verification process, we verified exports and export shares by comparing the POI export figures to audited accounts outlined in Section C, we have reasonable assurance that they are accurate.

**Market Share**

We analysed market shares by comparing the figures provided by TSUK to estimates derived through desk research using sources including HMRC trade data and ISSB. Please see Section E for more information.

**The significance of HRFC to TSUK (Sales of HRFC value/volume compared to Total sales value/volume)**

We calculated the significance of HRFC to TSUK through the transaction data and comparing the sales of HRFC to total turnover which we in turn verified with audited accounts.

We found that sales of the like good account for approximately [REDACTED - The reason for the redaction is given in the box below by TSUK]. of TSUK’s total turnover and concluded that HRFC is somewhat significant for TSUK.

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

CONFIDENTIAL – information related to TSUK’s costs to make and sell, total sales value and volume, and raw materials purchased for the like goods has been redacted, as it cannot be provided in a meaningful non-confidential summary without disclosing commercially sensitive details. The same applies to the share of the like goods in TSUK’s total turnover.

**Exceptions/Findings/Adjustments**

There were no exceptions, findings and adjustments to report with regards 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](#)):*

Not applicable.

**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 except



for TSUK Distributors e.g. employment and regional sales. The data can be used by the TRA for the EIT and for any other purpose within the investigation.

In the EIT the data verified will be used to assess the significance of TSUK and the likely impact of the outcome of the investigation for TSUK. It will also use the data to consider the geographic distribution of the businesses across the UK and consider the competition in the UK market for producing HRFC. As a result of understanding the supply chain, we will also be able to make informed decisions concerning other groups in the supply chain.

We consider the distributors to be part of the TSUK group as they are wholly owned by TSUK. As a result, we will be able to conduct our analysis and we will provide a largely qualitative analysis of this group based on our understanding of the supply chain

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

Not applicable.

## Conclusions

The verification of TSUK's accounting system and the methods used to identify the like goods within its system and the questionnaire responses identified only limited discrepancies. We considered these to be immaterial and so did not affect the dataset for the purpose for which it is to be used.

We were able to reconcile the questionnaire data submitted with TSUK's published audited accounts in the upward sales verification. Similarly, we reconciled the details of the transactions examined during the downward sales verification against the documentation supplied by TSUK. We found that the clarifications provided by TSUK during this process were appropriate.

TSUK provided us with the requested source documentation to support the data presented on injury factors. We verified that the figures provided by TSUK were consistent with the source documents they had been attributed to and with the methods TSUK reported using to calculate them.

In summary, we have obtained sufficient and appropriate evidence in order to conclude that the information provided by the company under all of 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.



## Appendices

### Appendix 1: Meetings

Date and duration	Type of authentication	Company representatives	TRA representatives
22 and 23 August 2022	<input type="checkbox"/> remote <input checked="" type="checkbox"/> on-site	[REDACTED: Names].	[REDACTED: Names].
12-14 September 2022	<input type="checkbox"/> remote <input checked="" type="checkbox"/> on-site	[REDACTED: Names].	[REDACTED: Names].



## Appendix 2: Graphs [REDACTED]