



Authentication Report

Safeguard measures on certain steel products

Case: TF0006

Period of Investigation (POI):	01 January 2013 – 31 December 2017
Most Recent Period (MRP):	01 January 2018 – 30 June 2020
Date of report:	16 April 2021
Case team details:	TF0006@traderemedies.gov.uk
Company verified:	Kromat Trading Limited
Company details:	Kromat Trading Limited 9 Palace Court, London, W2 4LP, United Kingdom
Company representative:	



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Executive summary

We are conducting a transition review to determine whether the UK should maintain, vary or revoke safeguarding measures put in place by the EU on certain steel products.

As part of the review, we sought to assess the accuracy of the information Kromat Trading Limited provided in its questionnaire response, which covered its company structure, its goods subject to review, its imports and UK purchases of those goods, its sales of those goods, and the potential economic-interest effects of continuing, varying or discontinuing the measures.

During the authentication process, we have compared questionnaire responses, including the data annexed to the questionnaire (annex data) and other accompanying evidence and information from open sources, such as Companies House, HMRC, and Kromat Trading Limited's website and associated websites. We checked information for internal consistency, consistency with audited financial statements and consistency with the responses from other interested parties. We conducted a walkthrough of Kromat Trading Limited's accounting systems to assess how much reliance we can place on data produced by the system. Due to the COVID-19 restrictions, we had to conduct all authentication remotely, but where necessary, we gave Kromat Trading Limited's management the opportunity to provide more detail or clarify outstanding questions during remote authentication meetings and via written correspondence.

For Kromat Trading Limited, we concluded that reconciliation has been possible for both import and sales data and that the information which we have been able to authenticate provided by Kromat in its questionnaire response, annex data and the authentication process is sufficiently accurate for us to be able to rely on it in our transition review without any adjustments. Despite the limited supporting evidence, we will consider Kromat's statements with the claims of other parties during our Economic Interest Test, based on its experience and knowledge of the industry.

Purpose of authentication

The purpose of authentication is to achieve a reasonable level of assurance that the questionnaire responses provided by the interested party is relevant, complete and accurate.

Process of authentication



Authentication can comprise activity undertaken through desk, on site or remote analysis.

Due to the COVID-19 pandemic, and subsequent restrictions affecting travelling, the case team was unable to undertake any authentication work on site.

Purpose of this report

This authentication report presents the work that has been completed and the checks that have been carried out by the case team in respect of the questionnaire responses received from Kromat Trading Limited. It details any adjustments made to the data during the authentication process with the interested party and forms the basis on which the interested parties can provide the case team with a non-confidential summary for general publication.

Authentication

Please find below a summary of work that has been completed and the checks that have been carried out by the case team to authenticate the information provided by Kromat Trading Limited (Kromat) in their questionnaire response.

1 Company structure and associations

What information was authenticated

We confirmed information provided on the following areas:

- Overall company structure (including ownership, management and associations),
- Year of establishment (including the company's name change),
- Facility Locations,
- Function in non-specialised wholesale trade of steel and related products,
- Range of goods subject to review, and
- Associations.

We also reviewed Kromat Trading Limited's accounting systems in the following areas:

- The accounting practices and policies (including financial year convention, account preparation, stock valuation and revenue recognition)
- The accounting system used and how well they are integrated and the level of automation across the systems.

Please indicate the confidentiality status of the information summarised above:

☒ non-confidential

☐ partly confidential

☐ confidential

If applicable, please specify what particular areas you consider to be confidential:



How the information was authenticated

We cross-checked the information provided on Kromat's general set-up, ownership and associations by examining official documents published on [Companies House](#), including the Certificate of Incorporation and the company's audited financial reports for the POI. We found the information we retrieved from those sources to be consistent with the information provided by the company in its questionnaire response.

We also checked information available on Companies House (CH) to confirm whether any of Kromat's board members were associated with other companies related to the same industry. Three of Kromat's directors (REDACTED: names) are directors of South West Structurals Ltd (which is the holding company of Kromat Trading Ltd). This information is consistent with the information detailed in Kromat Trading's questionnaire response. (REDACTED: name) is also the registered director of Linksteel Trading Ltd, though this is a non-trading company. We confirmed that the information provided by Kromat Trading was consistent with publicly available information on CH.

We reviewed Kromat Trading Limited's year of establishment and subsequent name change by examining documents published on Companies House. These were found to be consistent with their questionnaire response. Likewise, we checked their office location using datahub.trade.gov.uk and Kromat's website. This was consistent with information provided in the questionnaire responses.

To assess the reliability of the financial statements, we considered the auditor's reports, which consistently stated that the financial statements give a "true and fair view" of the company's affairs and have been "properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice" (UK GAAP) for the period under review.

We confirmed Kromat's product range and business function using information provided in their *Financial Reports* and *Articles of Association* published on Companies House. This information was consistent with questionnaire responses.

We also used information in the financial reports to authenticate the company's accountancy practices and policies. This included its basis for account preparation, financial year convention, stock valuation and revenue recognition. We found that when compared with their response to the importer questionnaire, these findings were consistent.

Please indicate the confidentiality status of the information summarised above:

☒ non-confidential

☐ partly confidential

☐ confidential

If applicable, please specify what particular areas you consider to be confidential:

Exceptions/Findings

None.

Please indicate the confidentiality status of the information summarised above:

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Conclusions

Kromat provided correct information about its ownership, function and associations in its questionnaire response.

Kromat's accounting practices and systems are sufficiently accurate and reliable that they can be relied upon in the transition review. The auditor's report confirms that the accounts are "true and fair" and prepared in accordance with UK GAAP and are reliable.

During our authentication of the company's accounting systems, we did not find evidence that the systems were inaccurate or unreliable. The walkthroughs that the company delivered during remote authentication suggest that Kromat Trading Limited's accounting systems are supported by sufficient checking and a satisfactory segregation of duties to maintain accuracy. Consequently, we conclude that Kromat Trading Limited's information in respect of this section can be relied upon during the transition review.

Please indicate the confidentiality status of the information summarised above:

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☐ partly confidential

☐ confidential

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2 Goods

What information was authenticated

We checked that Kromat Trading Limited had:

- Correctly selected the commodity codes for its goods subject to review, and
- Allocated them correctly to the product categories used in the transition review.

We checked the evidence of the imports that the company claimed to import in the POI and MRP.

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How the information was authenticated

We confirmed the correct assignment of commodity codes and subsequent allocation to product categories by comparing the codes provided in Kromat's questionnaire response annex 3 against the codes defined in the Notice of Initiation.

We checked Kromat Trading's allocated commodity codes by reviewing questionnaire annex data against information obtained from external data sources. This included the



Trader Search function on uktradeinfo.com which details trader activity from non-EU sources. For imports that could not be confirmed by this means (e.g. imports from EU sources), we verified this information against the exporter of the relevant product, which had been stated by Kromat Trading in the questionnaire annex. We did this by checking the transition review's product category descriptions with the product information from websites of Kromat's respective EU producers. We found the products stated to be consistent with the transition review's product category descriptions. We found Kromat Trading Limited's questionnaire response, in respect of goods that it imported, to be consistent with these external data sources.

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Exceptions/Findings

None.

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Conclusions

Kromat Trading selected commodity codes for its goods subject to review and allocated them to the relevant product categories used in the transition review. We assessed the commodity codes that Kromat Trading reported and authenticated whether these were correctly allocated to the appropriate product categories.

The evidence suggests that, during the POI and MRP, Kromat did import the categories of goods they stated to have imported. We accepted the company's outline of the goods imported and judged the information obtained during remote authentication to be consistent with the company's questionnaire response and annex data.

The information provided by Kromat Trading in the questionnaire annex, concerning commodity codes and product categories, was authenticated against external data sources. Kromat Trading Ltd reported the correct commodity codes and allocated these to the correct sampled product categories for goods subject to review. As a result, we conclude that product information provided by Kromat Trading Ltd can be relied upon during the transition review.

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3 Imports and purchases

What information was authenticated

We analysed the questionnaire annex data that Kromat Trading Limited provided for imports of goods subject to review and UK purchases by considering the trends in:

- Volume,
- Value, and
- Average price per tonne.

We also assessed the reliability of annex data for imports and UK purchases.

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How the information was authenticated

In order to carry out a review of the trends in the data provided, a sample of product categories was used for each of the importers representing the categories for which the imports were most significant for the importer, or across the imports into the UK.

Kromat Trading Limited did not make any UK purchases during the Period of Investigation, so no authentication of data was needed. This was checked remotely during the walk through.

For goods subject to review, we analysed their import volumes, import values and average import prices per tonne across the POI and MRP by using the questionnaire-annex figures to plot graphs (as in Annex 2 – Figure 1 and Figure 2) and tabulate year-on-year changes (as in Annex 2 – Table 1). With the aid of trendlines, we observed and compared the overall trends for each quantity; and by inspecting the graphs and tables, we identified any fluctuations that were significant.

To determine whether their reported trends differed significantly from those of other importers, we compared the trends with those of the other importers in our sample; and we used HMRC data to compare the trends with those for the whole UK (as in Annex 2 – Figure 2 and Figure 3).

Once we had identified the trends, we asked Kromat Trading Limited for an explanation of the fluctuations. Along with the other information derived during the walkthrough and explanation of the accounts, we decided that the explanations given were plausible and fitted with known facts available from secondary sources.

To gain an overall summary of import prices across all sampled product categories, we calculated a 'Median Import Price' for Kromat Trading Limited and for UK imports as a whole. Data for all UK imports was taken from uktradeinfo.com. A median was selected as a way of mitigating against extreme values within the data. This indicated that, across the sampled product categories, their import prices resembled wider UK market trends.



The costs of imports were not kept on a product category basis as some costs are shared across products. A costing methodology was agreed with them and was detailed in the questionnaire. We accepted this methodology to be reasonable.

We conducted a reconciliation of the annex data with the financial statements to determine whether the company's questionnaire-annex figures for imports matched with corresponding figures in the financial statements and thereby assess whether we could rely on the company's questionnaire-annex data.

The imports were re-aligned to the financial accounts with details from the sample of trial balances provided by Kromat, taking into account opening and closing stock balances for the relevant periods. When re-aligning the imports for 2018 and 2019 they aligned within 1% for 2018, and 4.3% for 2019 which are both within acceptable tolerances. Therefore, following our authentication of the import data provided by Kromat Trading Limited, we consider that it is accurate enough to be used by us in our transition review.

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☐ confidential

If applicable, please specify what particular areas you consider to be confidential:

Exceptions/Findings

None.

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If applicable, please specify what particular areas you consider to be confidential:

Conclusions

We identified significant fluctuations in the company's imports and UK purchases of the goods subject to review through plotting the data provided on graphs, but we were satisfied with Kromat's explanation of the trends.

For sampled years 2018 and 2019, we were able to reconcile the annex figures with corresponding figures in the audited financial statements using a sample of quarterly trial balances. We were able to reconcile to within 1% for 2018, and 4.3% difference for 2019. Consequently, we are satisfied that the sample data the company has provided for its imports is sufficiently accurate for us to rely on it during the transition review.

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4 Sales

What information was authenticated

We analysed the sales data provided by Kromat Trading Limited in the questionnaire annex for sampled categories by considering the trends in:

- Volume,
- Value,
- Average price per tonne, and
- Share of UK and export sales.

We also:

- Assessed the reliability of the sales figures for all goods that the company reported in its questionnaire annex,
- Checked whether the proportion of the sales value coming from the goods subject to review was consistent with other information.

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How the information was authenticated

Using the reported sales figures from Kromat's questionnaire annex, we tracked the proportion of the company's goods sales that came from goods subject to review across the POI and MRP (as in Annex 2 – Table 2).

For the goods subject to review, we analysed Kromat's sales volumes, sales values and average sales prices per tonne by using the questionnaire annex figures to plot graphs and tabulate year-on-year changes across the POI and MRP (as in Annex 2 – Figure 4).

We compared the trends in the company's UK sales of goods subject to review with the trends in its imports of goods subject to review (as in Annex 2 – Figure 5 and Table 3) to identify any significant discrepancies and found that the trends were broadly similar.

They explained the fluctuation in sales in imports as due to the use of quotas on imports from some countries, whereas in respect of imports from the EU, where there are no quotas, sales remain relatively constant.

We reconciled the company's annex data for sales with corresponding figures in the financial statements and thereby assessed whether we could rely on that data. When comparing the annex figures for total sales of all goods with the turnover figures in the financial statements, the discrepancies were less than 1% for every year (and for 2020 up to June).



We also identified accounts in the company's trial balances that pertained to sales, revenue or income. This evidence suggested that the company has other sources of revenue that contribute to the overall turnover figures reported in the financial statements, but due to the small size of the discrepancies, we did not pursue a perfect reconciliation as this would be immaterial to the review.

Since Kromat Trading Limited also sells goods that are not subject to review, we requested sales data for those goods to check whether the proportion of the total sales value coming from the goods subject to review were consistent with other information. When we received the sales data for other products and added each year's sales figures of those to the sales of the goods subject to review, the resulting figures matched those for total sales of all goods in the questionnaire annex, except for 2014, where the discrepancy was less than 5% and so was within our tolerance level. Therefore, following our authentication of the sales data provided by Kromat Trading Limited, we consider that it is accurate enough to be used by us in our transition review.

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Exceptions/Findings

None.

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If applicable, please specify what particular areas you consider to be confidential:

Conclusions

We identified fluctuations in the company's sales of sampled product categories, but we were satisfied with Kromat's explanation of the trends.

We reconciled the annex figures for total sales of all goods with corresponding figures in the audited financial statements to be within 1%. We also reconciled the sales of goods subject to review and other goods to within 5%, which is within an acceptable tolerance level. The proportions of sales in respect of goods subject to review was supported by information provided by the company that goods not subject to review amounted to approximately 1%, so the difference was accepted to be within an acceptable tolerance level.

Consequently, we are satisfied that the sample data the company has provided for its sales is sufficiently accurate for us to rely on it during the transition review.

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If applicable, please specify what particular areas you consider to be confidential:

5 Economic interest

What information was authenticated

We assessed Kromat Trading Limited's claims about the UK producers of the like goods that it identified in its questionnaire response. This involved confirming that they:

- Did have manufacturing sites in the UK during the POI and MRP,
- Did produce the like goods mentioned by them during the POI and MRP, and
- Produced the range of goods that they claimed.

We also considered Kromat Trading Limited's claims about the potential production capacity of the UK in total.

To consider the effects of safeguarding measures on Kromat Trading Limited's own business activities, we authenticated claims regarding:

- Its supply chain,
- The industries it serves,
- Its employment numbers,
- Its median wages/salaries,
- Its share of the import market for the goods subject to review
- The importance of the like goods to its activities, and
- Its total exports.

Finally, we considered the company's claims about the wider UK market for the like goods and the potential impact of safeguarding measures on the industry.

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How the information was authenticated

We checked Kromat's claims about the UK producers of the like goods by examining the websites, brochures and questionnaire annexes of the companies it mentioned. This included comparing product specifications to commodity-code descriptions and comparing production volumes.

Kromat did not make any claims about the market share of other interested parties, so no authentication of this was required. They also did not provide any supporting evidence regarding the future behaviour of the UK producers or their maximum production capabilities.

We confirmed the details about Kromat's supply chain by considering the information obtained during remote authentication. Although Kromat Trading Limited's website does



not contain any information which we could use in authentication, we were able to use information found in the websites of its associated companies, such as [Tubetrade](#).

We found that the company's claims about the users of its products were corroborated by information in its company brochure. Industry data from the International Stainless Steel Forum also seemed consistent with these claims but were not specific to end-users of the goods subject to review during the POI, so we could not conclude that it was representative.

Kromat Trading Limited's employment figures from the questionnaire annex were consistent with those in the notes to the audited financial statements.

Along with the company's data annexed to their questionnaire response, we used HMRC data to calculate the share of the UK's imports of the goods subject to review that were made by Kromat Trading Limited. The findings supported the claims in Kromat's questionnaire response. In addition, we compared the trends in Kromat Trading Limited's import volumes with the trends of the other importers in our sample, which revealed nothing inconsistent.

Claims about the relative importance of the goods subject to review in the company's activities were corroborated by the questionnaire annex data and by statements made during remote authentication.

Kromat only import and sell domestically in the UK and do not export and as such did not provide any export sales data, so we did not need to check the annex figures for total exports against figures in the notes to the audited financial statements.

We also considered the claims the company made about the wider UK market, regarding both the existing market for the like goods and the potential impact of safeguarding measures on that industry and connected industries. For the existing market, this included claims about the nature of the supply chains, the users of the goods and the trends in demand and some other details. For the potential impact of safeguarding measures, this included claims about the supply chain, the downstream market and competitiveness and some other details.

To authenticate those claims, we reviewed the supporting evidence the company provided in the appendices to its questionnaire response, compared Kromat Trading Limited's claims with those of other interested parties in our sample and considered information from independent sources, such as the International Stainless Steel Forum (ISSF).

For most of the claims, we judged that the supporting evidence was insufficient to rely on in isolation. However, the available information did not reveal any critical inconsistencies with other information provided by other importers in the sample.

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Exceptions/Findings



<i>Please indicate the confidentiality status of the information summarised above:</i>		
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<i>If applicable, please specify what particular areas you consider to be confidential:</i>		
Confidential, see conclusion.		
Conclusions		
<p>We found that the information Kromat Trading Limited provided about its own business activities was consistent with other sources to an acceptable degree. We accepted its claims about its supply chain, its market share and the relative importance of the like goods to its business based on the open source checks performed and data provided in its questionnaire annex on sales which we were able to reconcile. We also judged its claims about the users of its products to be reasonable, despite there being insufficient evidence to fully authenticate them as these were consistent with other importers in the sample.</p> <p>Whilst there was insufficient evidence to corroborate the company's claims about the maximum capacity of the UK producers of the like goods and the UK's demand for those products, we did find its claims about the product range and production volumes of the UK manufacturers to be broadly consistent with other questionnaire responses submitted. However, we could not authenticate Kromat's claims regarding the UK's potential production capacity, demand or competitiveness, or the impact of safeguarding measures on them as no evidence was provided.</p> <p>It has not been possible to authenticate all the claims made by Kromat on the impact of the safeguard measure due to the limited evidence provided. However, it is reasonable to assume that Kromat have answered these questions based on their knowledge and understanding of the market. These claims have been considered alongside responses from other sampled importers to understand the position of importers.</p>		
<i>Please indicate the confidentiality status of the information summarised above:</i>		
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Conclusions

As shown in the conclusions of the various sections of the report, through our authentication of the data provided by Kromat, the questionnaire information provided by Kromat has been reviewed and found to be consistent with other sources of information including publicly available information and financial statements and trial balances. Reconciliation has been possible to an extent acceptable for our purposes for sales and imports and therefore no adjustments have been required and information can be considered within the transition review.



Despite there not being secondary data available to enable us to fully authenticate the claims, the information provided by Kromat in respect of the Economic Interest Test has been found to be consistent with submissions made in this review by other interested parties and as such is considered to have been made consistent with Kromat's experience and knowledge in the industry and capable of consideration in conjunction with other EIT claims made by other interested parties.

Annex 1: Meeting details

Date and duration	Type of authentication	Company representatives	TRID representatives
11/03/2021 11am-2pm	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	(Managing Director) (Chairman)	(Lead Investigator) (Verification Specialist) (Investigator) (Investigator)

Date and duration	Type of authentication	Company representatives	TRID representatives
14/04/2021 10.30am-11am	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	(Chairman)	(Lead Investigator) (Verification Specialist) (Investigator)

Annex 2: Non-confidential versions of graphs and tables.

Confidential – commercially sensitive information