



Department for  
International Trade

## Overseas Exporter – Verification visit report

### Case TS0002: Rainbow Trout exported from Turkey

<b>Date:</b>	April 2021
<b>Company visited:</b>	Özpekler Group
<b>Verification visit date:</b>	Remote Verification

**NOTE:** *The views and opinions in this report will be reviewed by the case investigator teams and may not reflect the final decision of the Trade Remedies Investigations Directorate*

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# SECTION A: Introduction

## A1. Review Outline

On 28th February 2020, the Secretary of State for International Trade (the Secretary of State) published a Notice of Determination<sup>1</sup> regarding the countervailing duty on certain rainbow trout originating in Turkey. In accordance with The Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (D&S Regs) and this Notice, the Trade Remedies Investigation Directorate (TRID) were required to conduct a transition review of the original EU measure imposing this countervailing duty.

On 4th March 2020, the Secretary of State published a Notice to initiate a transition review of the aforementioned EU trade remedies measure in relation to certain rainbow trout originating in Turkey. This Notice of Initiation<sup>2</sup> had the effect of initiating the transition review.

The period of investigation (POI) for this transition review is 1st January 2019 to 31st December 2019. In order to assess injury, TRID examined the period from 1st January 2016 to 31st December 2019.

## A2. Communication Details

The global Covid-19 pandemic affected the verification team's ability to conduct site visits and verify the data in person. All the verification activity with Özpekler group took place remotely. TRID had two substantive email exchanges with representatives of the Özpekler group to clarify elements of the company's submissions. All of TRID's questions were answered satisfactorily by email and neither telephone nor face-to-face video communications were required.

<b>Company name:</b>	Özpekler İnşaat Taahhüt Dayanıklı Tüketim Malları Su Ürünleri Sanayi ve Ticaret Ltd Şirketi
<b>Address:</b>	Bozburun Mahallesi 7152.Sokak A. Nazif Zorlu Sanayi Sitesi No:4 Merkezefendi/DENİZLİ, Turkey
<b>Communication dates:</b>	Remote verification via email correspondence dated 23 <sup>rd</sup> March 2021 and 26 <sup>th</sup> March 2021
<b>Between:</b>	<b>On behalf of Özpekler group</b> <b>(CONFIDENTIAL)</b> President / Managing Senior Partner Trade Remedies Consulting
	<b>On behalf of Trade Remedies Investigations Directorate</b> Mr Vincent GIBSON – Lead Investigator Mr Robert OPOKU – Verification Specialist Mr Stuart POCOCK – Lead Investigator

## **SECTION B: Company Verification**

### **B1. Primary Business**

The Özpekler group's primary business is the raising, processing and selling of fish and fish related products. It was founded by (CONFIDENTIAL) in 1988 and operates eight facilities across Turkey. TRID verified this information by comparing the exporter's questionnaire response to farm, business and food production licences and then cross-referencing these with information from Özpekler's public website and submissions provided by the Government of Turkey.

### **B2. Corporate Structure**

The Özpekler group consists of two companies related through common shareholders. These include the main fish production company (Özpekler İnşaat Taahhüt Dayanıklı Tüketim Malları Su Ürünleri Sanayi ve Ticaret Ltd Şirketi), herein referred to as the 'aquaculture company', and an export company (Özpekler İthalat İhracat Su Ürünleri Sanayi ve Ticaret Limited Şirketi) hereby referred to as 'the export company'. TRID verified both entities by comparing Özpekler's response to the exporter questionnaire to notarised copies of the relevant Articles of Association published in the Commercial Register Gazette of Turkey. This confirmed that each were associated companies as defined by The Customs (Import Duty) (EU Exit) Regulations 2018 (Regulations)<sup>3</sup> where the same three directors controlled both companies.

#### **B2.1 - 'The Aquaculture Company'**

The aquaculture company produces a number of goods across the fish, fish product, fish food and aquacultural building/construction sectors, most of which fall beyond the remit of this investigation. The company also uses the colloquial name 'Özpekler Yem' as a brand name to refer to the fish feed portion of the business, although it is not a separate legal entity.

TRID compared Özpekler's response to the exporter questionnaire and the company's management accounts to notarised copies of the relevant Articles of Association published in the Commercial Register Gazette of Turkey to verify that the company was entirely owned by (CONFIDENTIAL).

#### **B2.2 - 'The Export Company'**

The export company is the trading arm of Özpekler group and its activities are limited to the selling of aquaculture products to overseas markets. TRID compared Özpekler's response to the exporter questionnaire and the company's management accounts to notarised copies of the relevant Articles of Association published in the Commercial Register Gazette of Turkey to verify that the company was also entirely owned by (CONFIDENTIAL).

### **B2.3 - Related Customers**

Özpekler stated that the export company is a related customer of the aquaculture company. They explained that the aquaculture company invoices the export company for all products that it provides, and that the export company invoices the onward customer for all sales that it makes overseas. TRID confirmed that the management accounts for the aquaculture company showed revenue from export sales but did not confirm invoicing between it and the export company.

On 3<sup>rd</sup> March 2021, TRID confirmed that it would not be reassessing the injury margin due to a lack of exports of the goods concerned into the UK. As a result of this decision, an analysis of transaction by transaction sales data for Özpekler group was deemed unnecessary by TRID meaning that further verification of the relationship between the two companies was not required as the relationship was no longer considered to be material to the case.

### **B2.4 - Related Suppliers**

TRID found no evidence that Özpekler group have any related suppliers.

## **B3. Conclusion on Company Verification**

TRID reviewed the submission by the Özpekler group and compared it to information from their public website and submissions from the Government of Turkey. This process has given TRID assurance that it is reasonable to treat the data as complete, relevant and accurate. Industry averaged weighted prices have not been included in this report due to confidentiality restrictions on sharing data between companies. It was not possible to calculate individual export prices of goods to the UK.

# SECTION C: The Goods

## C1. The Goods Subject to Review

### C1.1 - Definition

The goods relevant to this report ('goods subject to review'), as defined by the Notice of Initiation<sup>2</sup> are:

Rainbow trout (*Oncorhynchus mykiss*) described as:

- live weighing 1.2 kg or less each, or
- fresh, chilled, frozen and/or smoked:
  - in the form of whole fish (with heads on), whether or not gilled, whether or not gutted, weighing 1.2 kg or less each, or
  - with heads off, whether or not gilled, whether or not gutted, weighing 1 kg or less each, or
  - in the form of fillets weighing 400 g or less each

### C1.2 - Relevant Commodity Codes

The goods subject to review are currently classifiable within the following commodity codes<sup>4</sup> (given only for information):

- 0301 91 90 11,
- 0302 11 80 11,
- 0303 14 90 11,
- 0304 42 90 10,
- 0304 82 90 10,
- 0305 43 00 11.

### C1.3 - Product Control Numbers

TRID uses Product Control Numbers (PCNs) to define and distinguish the different types of products that fall under the goods description above.

PCNs, which come in the form of an alphanumeric code, help to create a categorisation system so that comparisons can be made between goods produced in the domestic UK market and those produced in overseas markets.

The Product Control numbers for this investigation, included for reference only, are as follows:

Characteristic	Explanation	Code
Product Quality	Non-Organic	N
	Organic	O
Pigmentation	Pink	P

	White	W
Type	Live	L
	Fresh/Chilled	C
	Frozen	F
	Smoked	S
Presentation	Whole Fish, weighing 1.2kg or less	1
	Gutted Fish, with head and gills on, weighing 1.2kg or less each	2
	Gutted Fish, with head and gills off weighing 1kg or less each	3
	Filletts (fresh/chilled/frozen) weighing 400g or less each	4
	Filletts (smoked) weighing 400g or less each	5

## **C2. Goods Exported to the European Union**

The aquaculture company does not use an Internal Coding System (ICS) and categorise their products by description alone. The two products that the company export to the EU are described as 'Smoked Trout' (nominally defined as PCN NWS5) and 'Frozen Gutted Trout' (nominally defined as PCN NWF2). TRID found no evidence that any other products were exported to the European Union during the Period of Investigation.

## **C3. Goods Exported to the UK**

Özpekler group have stated that they do not export any of the goods subject to review to the UK but that they would like to do so should the opportunity arise. TRID used HMRC import data to examine the level of direct imports from Turkey to the UK and verify that there was no evidence to suggest that Özpekler group exported to the UK during the POI.

## **C4. Conclusion on the Goods Subject to Review**

TRID reviewed the submission by the Özpekler group and compared it to UK producer submissions and the PCN table above. TRID is satisfied that the goods described are the same as the goods subject to review. This process has given TRID assurance that it is reasonable to treat the data as complete, relevant and accurate.

## SECTION D: Subsidisation

### D1. Introduction

TRID requested information about the following subsidies from both the Özpekler group and the Government of Turkey:

No	Subsidy Name	Subsidy type
1	Direct subsidies to producers of trout (Decree No. 2019/1691)	Grant
2	Direct subsidies to organic producers of trout	Grant
3	Specific support for juveniles' scheme	Grant
4	Subsidised discarding fishing vessels scheme (Article 4 paragraph (9) of the Decree No. 2012/36)	Grant
5	Subsidised insurance scheme	Grant
6	Subsidised consultancy scheme	Grant
7	Subsidised Loans scheme	Loan
8	Subsidised fuel scheme (General Communiqué on Special Consumption Tax Serial No.6 of 31 <sup>st</sup> December 2003)	Tax exemption
9	Investment encouragement certificate: – Tax related incentives scheme	Tax exemption
10	Investment encouragement certificate: – Social Security Premium Support (SSP) programme	Grant
11	Investment encouragement certificate: – Interest support for interest rates paid credit	Loan guarantee
12	Investment encouragement certificate: – Land allocation scheme	Provision of goods and services

Both parties confirmed that the company were in receipt of subsidies under Programmes 1, 5, 7 and 9.

### D2. Programme 1: Direct Subsidies to Producers of Trout

Özpekler group reported that they were in receipt of this direct subsidy that was set up to support producers of defined agricultural products under an explicit set of conditions.

The Government of Turkey confirmed the amounts of subsidy that Özpekler group were in receipt of and provided detailed information about the conditions which producers needed to meet in order to qualify. Figures were cross referenced against a sampled application and bank deposit records provided by the Özpekler group, all of which aligned satisfactorily.

This confirmed that Özpekler group were in receipt of this subsidy under Programme 1 during the period of investigation.



### **D3. Programme 5: Subsidised Insurance Schemes**

Özpekler group reported that they were in receipt of this subsidised insurance scheme organised by Turkish Agricultural Insurance Pool (TARSİM).

The Government of Turkey confirmed that this is a shared risk insurance pool available to agricultural producers against specific production-specific risks. The producers apply for insurance through TARSİM but annual premiums are partially supported by a government grant that is set each year. Government figures were cross referenced against Özpekler group's TARSİM policies that covered the year 2019 and, beyond a minor discrepancy that was deemed immaterial to the case, these align satisfactorily.

These confirmed that Özpekler group were in receipt of this subsidy under Programme 5 during the Period of Investigation.

### **D4. Programme 7: Subsidised Loans Schemes**

Özpekler group reported that they were in receipt of subsidised loans under two schemes: the Agricultural Production Credit scheme and Export Credit scheme. The Government of Turkey confirmed the legislation and the parameters of the Agricultural Production Credit scheme. Özpekler group provided documentation for their participation in the Export Credit scheme.

Whilst TRID would require more information from the Government of Turkey to fully verify the administration of the Export Credit scheme, they are satisfied that the evidence provided by both parties demonstrates that the Özpekler group received a benefit from the Agricultural Production Credit scheme.

As such, this confirmed that the Özpekler group were in receipt of at least one subsidy under Programme 7 during the Period of Investigation.

### **D5. Programmes 9 – 12: Investment Encouragement Schemes**

Özpekler group reported that they were in receipt of two Investment Encouragement Certificates (IEC).

Only one of these certificates was related to products under investigation. This was exclusively used for VAT exemption for domestically sourced equipment. The second certificate was related to Özpekler group's fish feed operation and was largely used for VAT exemption for domestically sourced equipment, but also waived import duty for two pieces of imported equipment.

As VAT exemption is not always sufficient to be considered a specific subsidy, as the second certificate was related to products other than those being investigated and as the import duties waived represent a relatively small percentage of group turnover, TRID was satisfied that the effects of any benefit under the Investment Encouragement Scheme would be minimal and therefore not material to this investigation.

## **D6. Conclusion on Subsidisation**

TRID verified the submission by the Özpekler group by comparing it to information provided by the Government of Turkey. Based on this comparison, TRID was satisfied that the Özpekler group were in receipt of countervailable subsidies during the Period of Investigation. This comparison process has given TRID assurance that it is reasonable to treat the data as complete, relevant and accurate.

## SECTION E: Endnotes

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<sup>1</sup> Notice of Determination: <https://www.gov.uk/government/publications/trades-remedies-notice-countervailing-duty-on-certain-rainbow-trout-originating-in-turkey/notice-of-determination-countervailing-duty-on-certain-rainbow-trout-originating-in-turkey>

<sup>2</sup> Notice of Initiation (Case TS0002), available on: <https://www.trade-remedies.service.gov.uk/public/case/TS0002/submission/3087908c-b98b-4c21-9a72-ad78029fb8f6/>

<sup>3</sup> Regulations regarding 'Related Persons'  
<https://www.legislation.gov.uk/uksi/2018/1248/regulation/128/made>

<sup>4</sup> HMRC trade tariff service, available on: <https://www.trade-tariff.service.gov.uk/headings/0603?currency=EUR&day=13&month=1&year=2020>.  
<http://www.legislation.gov.uk/ukpga/2018/22/contents/enacted>