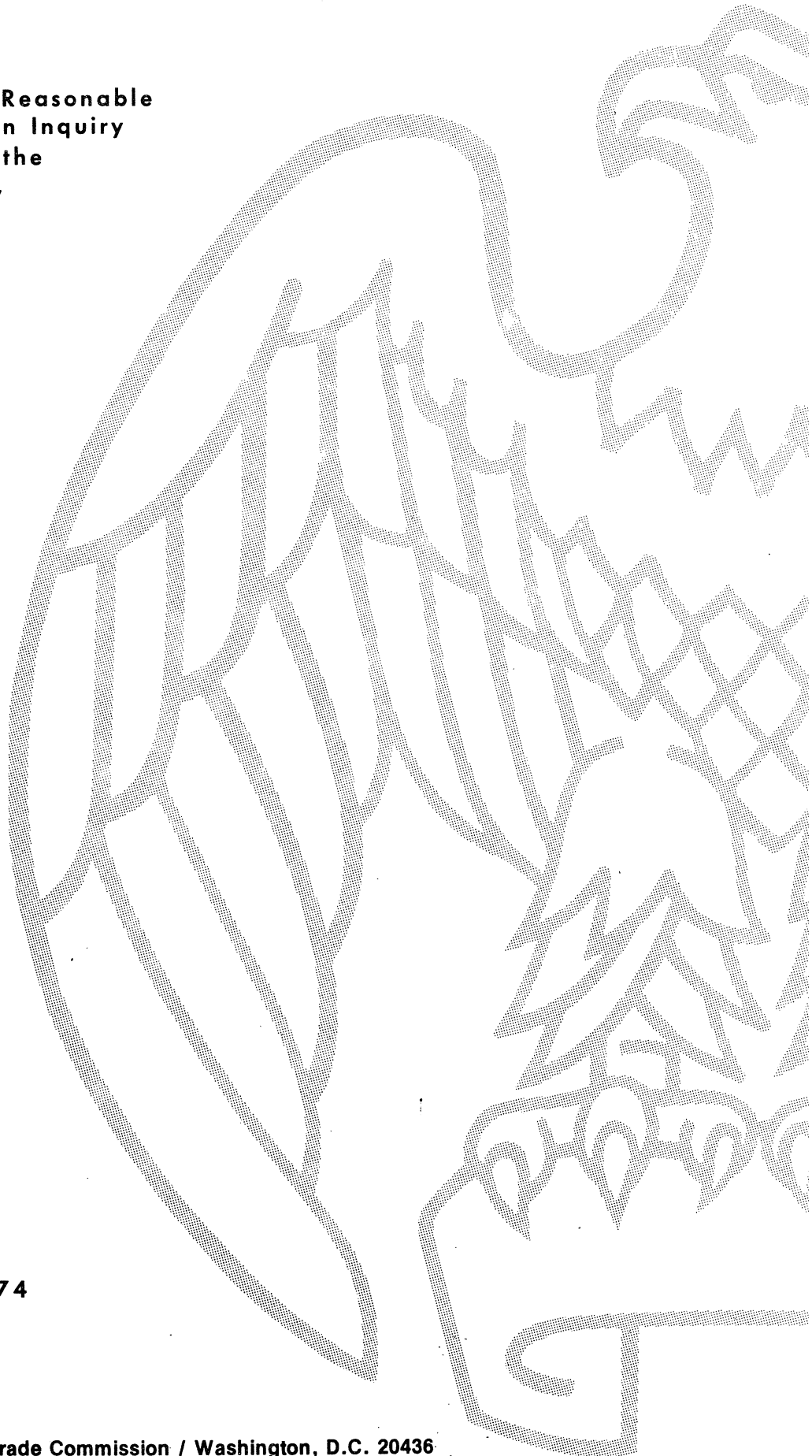


# STEEL WIRE COAT AND GARMENT HANGERS FROM CANADA

Determination of "No Reasonable  
Indication of Injury" in Inquiry  
No. AA1921-25 Under the  
Antidumping Act, 1921,  
as Amended



USITC PUBLICATION 974  
MAY 1979

# UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report. Deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C. 20436

[AA1921-Inq.-25]

STEEL WIRE COAT AND GARMENT HANGERS FROM CANADA

Commission Determines "No Reasonable Indication of Injury"

On the basis of information developed during the course of inquiry No. AA1921-Inq.-25, undertaken by the United States International Trade Commission under section 201(c) of the Antidumping Act, 1921, as amended, the Commission unanimously determines that there is no reasonable indication that an industry in the United States is being or is likely to be injured or is prevented from being established by reason of the importation of steel wire coat and garment hangers from Canada, allegedly sold at less than fair value as indicated by the Department of the Treasury.

On April 17, 1979, the Commission received advice from the Department of the Treasury that, in accordance with section 201(c) of the Antidumping Act, 1921, as amended, an antidumping investigation was being initiated with respect to steel wire coat and garment hangers from Canada and that information developed during Treasury's preliminary investigation led to the conclusion that there is substantial doubt that an industry in the United States is being or is likely to be injured by reason of the importation of such merchandise into the United States. Accordingly, the Commission on April 20, 1979, instituted inquiry No. AA1921-Inq.-25 under section 201(c)(2) of the act to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

A public hearing was held on May 2, 1979, in Washington, D.C. Public notice of both the institution of the inquiry and of the hearing was duly given by posting copies of the notice at the Secretary's office in the Commission in Washington, D.C., and at the Commission's office in New York City, and by publishing the original notice in the Federal Register of April 26, 1979 (44 F.R. 24640).

The Treasury Department instituted its investigation after receipt of a petition on March 21, 1979, filed by counsel for Laidlaw Corp., Mesa, Ariz. Treasury's notice of its antidumping proceeding was published in the Federal Register of April 20, 1979 (44 F.R. 23623).

### Statement of Reasons of the Commission

If the Secretary of the Treasury concludes, during a preliminary investigation under the Antidumping Act, 1921, as amended, that there is substantial doubt regarding possible injury to an industry in the United States, he shall forward to the U.S. International Trade Commission (Commission) his reasons for such doubt. Within 30 days of receipt of the Secretary's reasons, the Commission shall determine whether the standards set forth in section 201(c)(2) of the Act for continuing the investigation have been met. Therefore, the Commission instituted, on April 20, 1979, inquiry AA1921-Inq.-25 regarding steel wire coat and garment hangers from Canada.

#### Determination

On the basis of the information developed during the course of this inquiry, we determine that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, 1/ by reason of the importation of steel wire coat and garment hangers into the United States from Canada which were allegedly sold at less than fair value (LTFV), as indicated by the Department of the Treasury.

#### The imported articles and the domestic industry

The imported articles which are the subject of this inquiry are steel wire coat and garment hangers. They are used primarily in the drycleaning and uniform rental industries. Seven U.S. firms produce these hangers in 19 plants which are dispersed throughout the United States.

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1/ Prevention of establishment of an industry in this inquiry is not in question and will not be discussed further in these views.

Information concerning alleged LTFV sales

According to the complaint filed with the Department of the Treasury, the alleged dumping margins, based on comparisons between the home-market prices and prices for export to the United States, range from 2.3 to 4.9 percent. Treasury's Antidumping Proceeding Notice stated that "there is evidence that the volume of imports from Canada during 1978 amounted to only \$17,000 and the imports accounted for only about 2.7 percent of petitioner's sales in the Northwest region of the United States, the market wherein injury was alleged."

No reasonable indication of injury by reason of LTFV sales

The only claim of injury or likelihood of injury in this inquiry was that made by the petitioner, Laidlaw Corp., Mesa, Ariz. Laidlaw advised that it was being injured by reason of LTFV imports into the Pacific Northwest regional market, an area that it defined as the States of Washington and Oregon. According to information available to the Commission, however, Washington and Oregon are only part of a regional market made up of 10 Western States which are supplied by production facilities located primarily in California. Since March 1978, when Laidlaw closed its hanger manufacturing plant in Seattle, Wash., the firm has supplied Washington and Oregon, as well as the rest of the Western market, from its manufacturing facility in Stockton, Calif. Therefore, if there is a regional market for coat and garment hangers, it is composed of at least 10 Western States and is not limited to the two States alleged by the petitioner.

Imports of Canadian hangers into the Western market commenced in mid-1978 and were all from the Tree Island Steel Co., Ltd. The Canadian imports accounted for about 0.2 percent of apparent consumption in the Western market. Furthermore, it is apparent that this small market share was not 4



obtained at the expense of the petitioner. The bulk of the imported hangers were sold to firms which advised the Commission that the petitioner refused to sell to them. Information submitted to the Commission by Laidlaw shows that production, capacity utilization, and shipments of Laidlaw's Stockton plant increased by about 20 percent in fiscal 1978 compared with the combined operations of the Seattle and Stockton plants in fiscal 1977. On an annualized basis, an additional large increase occurred in these same measures of economic activity during the first 6 months of fiscal 1979. Employment at the Stockton plant also increased during this period, and inventories were at a minimum level.

Laidlaw testified at the Commission's public hearing that the Canadian producer of LTFV imports had several important cost advantages over U.S. producers with respect to selling steel wire hangers in the Pacific Northwest market. The most important of these were the proximity of Tree Island's Richmond, British Columbia, production facility to this particular market and the fact that steel wire rods, the principal raw material used in the production of hangers, cost less in Canada than in the United States. The higher cost of wire rods in the United States was attributed to the implementation of the Trigger-price mechanism which, it was alleged, caused the price of imported steel rods to increase substantially in 1978 and in January-March 1979.

The petitioner further acknowledged that the Canadian producer could sell "well under our price without dumping." 1/ Thus, even if the alleged LTFV sales ceased, the petitioner would still face the decision of either meeting the lower prices or losing sales. If the alleged dumping margins of 2.3 to 4.9 percent were eliminated, it was estimated that the Canadian

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1/ Transcript of the hearing, p. 29.

firm would still undersell Laidlaw by 3.6 percent on one type of hanger, 9.4 percent on another, and 17.4 percent on a third type.

### Conclusion

We have therefore determined that the Department of the Treasury investigation on steel wire coat and garment hangers from Canada allegedly sold at LTFV should be terminated on the basis that there is no reasonable indication that an industry in the United States is being or is likely to be injured by reason of such imports.

Summary

On March 21, 1979, the Department of the Treasury received a petition filed by counsel for Laidlaw Corp., Mesa, Ariz., alleging that steel wire coat and garment hangers from Canada are being, or are likely to be, sold at less than fair value.

On April 17, 1979, the United States International Trade Commission received advice from the Department of the Treasury that, during the course of determining whether to institute an investigation with respect to steel wire coat and garment hangers from Canada, in accordance with section 201(c) of the Antidumping Act, 1921, as amended, Treasury had concluded from the information available that there is substantial doubt that an industry in the United States is being or is likely to be injured by reason of the importation of this merchandise. On April 20, 1979, the Commission instituted an inquiry to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise.

According to the complaint filed with the Department of the Treasury the alleged dumping margins, based on comparisons between the home-market prices and prices for export to the United States, range from 2.3 to 4.9 percent.

Seven U.S. firms account for an estimated 95 percent or more of total U.S. production of steel wire coat and garment hangers. Cleaners Hanger Co., Birmingham, Mich., with six production facilities, and Laidlaw Corp., with five plants ( including one in Canada ), are the largest U.S. producers.

The steel wire coat and garment hanger market is geographically divided into regions that are supplied by production plants located within these regions. These plants are for the most part near large population centers where the principal customers--dry cleaning and uniform rental business establishments--are concentrated.

There are two Canadian firms that produce and export steel wire coat and garment hangers to the United States--Tree Island Steel Co., Ltd., New Westminster, British Columbia, and North Wire Ltd., Montreal, Quebec. In 1978, Tree Island exported to the United States approximately \* \* \* steel wire hangers valued at \* \* \*. All of Tree Island's exports were sold in the Washington-Oregon market, the region in which the petitioner alleged injury from LTFV imports; all of North Wire's exports were sold in the northeastern region of the United States. The petitioner advised the Commission that North Wire's sales were at fair value.

\* \* \* \* \*

## Information Obtained in the Investigation

Introduction

On April 17, 1979, the United States International Trade Commission received advice from the Department of the Treasury that, during the course of determining whether to institute an investigation with respect to steel wire coat and garment hangers from Canada in accordance with section 201(c) of the Antidumping Act, 1921, as amended, Treasury had concluded from the information available to it that there is substantial doubt that an industry in the United States is being, or is likely to be, injured by reason of the importation of such merchandise. Accordingly, on April 20, 1979, the Commission instituted inquiry No. AA1921-Inq.-25 under section 201(c) of said act, to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise.

Notice of the institution of the Commission's inquiry and of a public hearing to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, United States International Trade Commission, Washington, D.C., and in the Commission's New York Office, and also by publishing the notice in the Federal Register of April 26, 1979 (44 F.R. 24640). 1/ In accordance with the notice, a public hearing was held on May 2, 1979, in Washington, D.C.

The Department of the Treasury provided its advice to the Commission after receipt of a petition on March 21, 1979, alleging injury to the U.S. industry producing steel wire coat and garment hangers by reason of LTFV imports from Canada. The petition was filed by counsel for Laidlaw Corp., Mesa, Ariz., a large U.S. producer of steel wire hangers.

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1/ A copy of the Commission's Notice of Inquiry and Hearing is presented in app. A.

The imports that were identified in the complaint as causing the injury were reported to have been produced by Tree Island Steel Co., Ltd., New Westminster, British Columbia, Canada. The petitioner alleged that the imports were causing injury to the U.S. industry in a regional market--the Pacific Northwest, specifically, Seattle, Wash., and Portland, Ore.

On the same date the Treasury Department notified the Commission that it had concluded that there is substantial doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, it announced that the U.S. Customs Service was instituting an inquiry to verify the information submitted in the petition and to obtain the facts necessary to enable the Secretary of the Treasury to reach a determination as to the fact or likelihood of sales at LTFV. Treasury's Antidumping Proceeding Notice was published in the Federal Register of April 20, 1979 (44 F.R. 23623). 1/

In the event that the Commission finds in the affirmative--that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of steel wire coat and garment hangers from Canada that are being or are likely to be sold in the United States at LTFV--the Treasury Department's investigation as to the fact or likelihood of sales at LTFV will be terminated. In the event that the Commission finds in the negative, the Treasury Department's investigation will continue. The Commission's determination is due to be reported to the Secretary of the Treasury by May 17, 1979.

#### Description and uses

There are approximately 40 different styles and variations of steel wire coat and garment hangers produced in the United States. Steel wire suit

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1/ A copy of the Treasury Department's Antidumping Proceeding Notice is presented in app. B.

hangers, "strut" hangers (units having a cardboard tube for a bottom bar instead of the usual wire bar) and shirt hangers are the most important items of trade. Suit hangers account for an estimated 33 percent of U.S. consumption of all steel wire hangers, and "strut" and shirt hangers each represent about 18 percent of consumption. Other important items are caped hangers (wire hangers caped in paper), industrial uniform hangers, and drapery hangers.

The bulk of the U.S. produced steel wire coat and garment hangers are sold to the drycleaning industry and the uniform rental industry. Smaller quantities are sold to the garment industry for use in the manufacturing and retail segments of that industry. Plastic hangers are generally used by the garment industry in the retailing of high-quality clothing.

Steel wire hangers are manufactured from low-carbon steel wire rods. The wire rods (usually 7/32 of an inch in diameter) are drawn through a series of dies to form wire of the desired diameter (gage). The steel wire is then fed into a forming machine, which cuts the wire to length and then forms the hanger. In U.S. production facilities the steel wire is coated with enamel or lacquer either before, or after being fed into the forming machine, depending on the plant.

#### U.S. tariff treatment

Steel wire coat and garment hangers are classified in the "basket" provision for iron or steel wire products, not coated or plated with precious metal, in item 657.25 of the Tariff Schedules of the United States (TSUS). The column 1 (most-favored-nation) rate of duty applicable to articles entered under item 657.25 is 9.5 percent ad valorem. The column 2 rate of duty (applicable to imports from certain Communist-dominated countries) is 45 percent ad valorem. Imports of steel wire coat and garment hangers are eligible for

duty-free treatment if entered from beneficiary developing countries under the Generalized System of Preferences (GSP).

Nature and extent of alleged LTFV sales

According to the complaint filed with the Department of the Treasury, the alleged dumping margins, based on comparisons between the home-market prices and prices for export to the United States, range from 2.3 to 4.9 percent. Treasury's Antidumping Proceeding Notice stated that "there is evidence that the volume of imports from Canada during 1978 amounted to only \$17,000 and the imports accounted for only about 2.7 percent of petitioner's sales in the Northwest region of the United States, the market wherein injury was alleged."

U.S. producers

Seven U.S. firms account for an estimated 95 percent or more of total U.S. production of steel wire coat and garment hangers. The names of these firms, the locations of their company headquarters, and the number of wire hanger production plants operated by each firm are as follows:

<u>Firm and location</u>	<u>Number of production plants</u>
Cleaners Hanger Co.----- Birmingham, Mich.	6
Garment Hanger Co.----- Los Angeles, Calif.	2
Laidlaw Corporation----- Mesa, Ariz.	5 (includes 1 plant in Toronto, Canada)
M & B Metal Products Co.----- Leeds, Ala.	3
Mid-West Hanger Co.----- Liberty, Mo.	2
Nagel Manufacturing Co.----- Austin, Tex.	1
United Wire Hanger Corp.----- Hasbrouck Heights, N.J.	1



The location of all known U.S. and Canadian steel wire hanger production plants are shown on the map on page 9. Because of the high costs involved in shipping steel wire hangers, production facilities are generally located near large population centers.

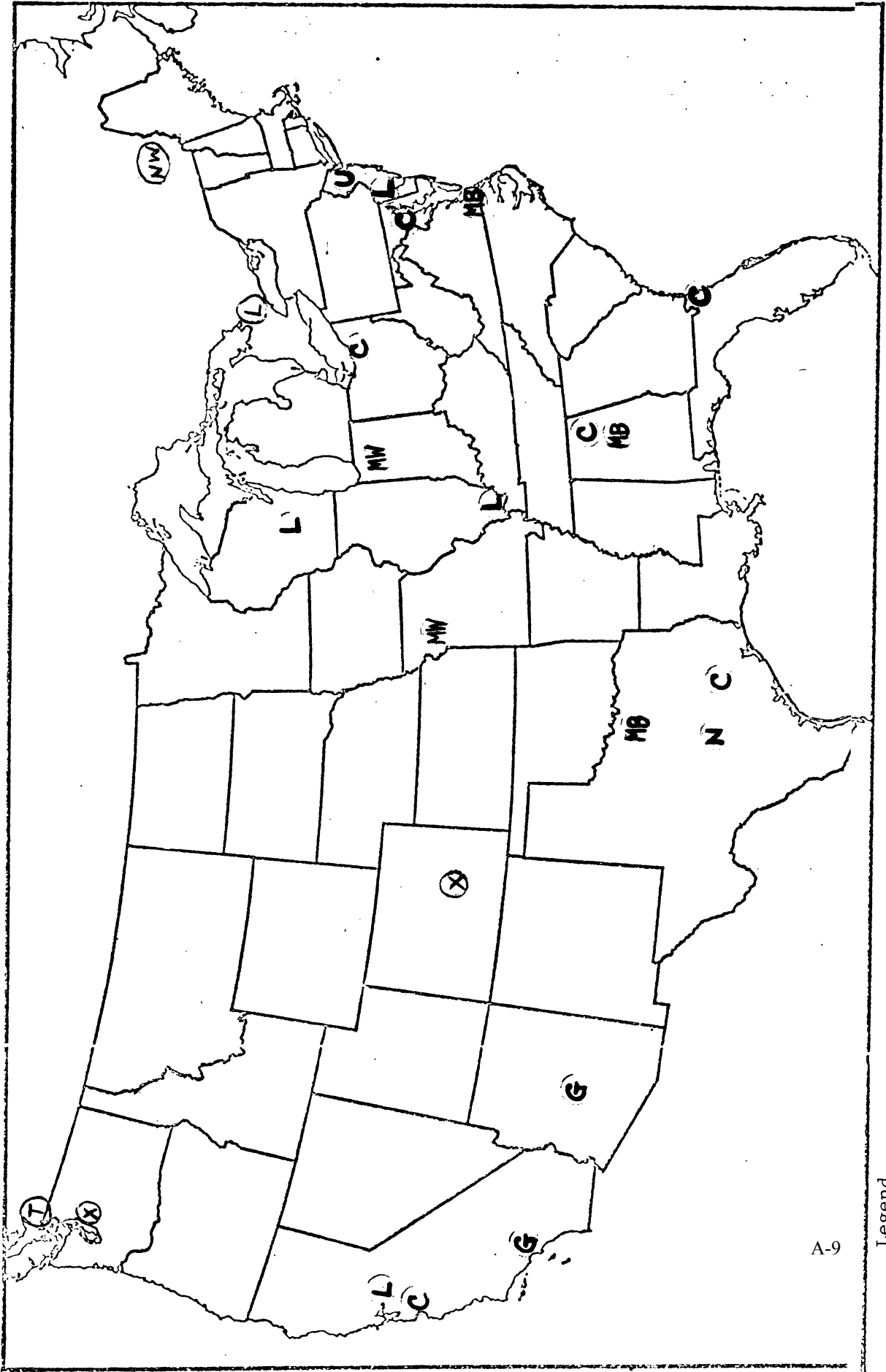
Cleaners Hanger Co., with six production facilities, is the largest U.S. producer of steel wire hangers, accounting for approximately \* \* \* percent of U.S. production. Laidlaw Corp., with 5 plants, including one in Canada, is the second largest producer, accounting for about \* \* \* percent of U.S. production. \* \* \*

Both Laidlaw and Cleaners Hanger have production facilities in Central California that supply hangers to the Washington-Oregon market--the region that is allegedly being impacted by the LTFV imports. Laidlaw, which had operated a production facility in Seattle until March 1978, has a \* \* \* percent share of this market. Laidlaw informed the Commission that it closed the Seattle plant and shifted its production to its Stockton, Calif., plant on the basis of cost-efficiency considerations and not because of import competition. Laidlaw made hangers in Seattle from purchased wire or from wire that was transferred to that plant from Stockton; it did not operate wire-drawing facilities in Seattle.

Cleaners Hanger Co., the second largest supplier to the Washington-Oregon market, with a \* \* \* percent market share, supplies this region from its plant in Union City, Calif. Cleaners Hanger Co. closed a hanger production facility

in Pueblo, Colo., in late 1978. \* \* \*. A third U.S. producer, Mid-West Hanger Co., Liberty, Mo., has a \* \* \* percent share of the Washington-Oregon market.

Locations of plants producing steel wire coat and garment hangers



Legend

- C-Cleaner Hanger Co.
- L-Laidlaw Corp.
- MB-M & B Metal Products Co.
- G-Garment Hanger Co.
- U-United Hanger Co.
- MW-Mid-West Hanger Co.
- G-Garment Hanger Co.
- N-Nagel Manufacturing
- X-Plants closed in 1978
- T-Tree Island Steel Co.

Canadian producers and Canadian exports  
to the United States

There are two Canadian firms that produce and export steel wire coat and garment hangers to the United States, Tree Island Steel Co., Ltd., Richmond, British Columbia, and North Wire Ltd., Montreal, Quebec (plant in St. Ludger, Quebec). Neither of these firms produce or export strut, caped, industrial, or drapery hangers to the United States. North Wire informed the Commission that its capacity to produce steel wire hangers is limited to about \* \* \* units per week. Tree Island advised its capacity, based on operating its facility 3 shifts per day, 5 days per week, was \*\*\* units per week. \* \* \*

North Wire began exporting steel wire coat and garment hangers to the Northeastern region of the United States in late 1977. \* \* \*.

Tree Island Steel Co., Ltd. with headquarters in Richmond, British Columbia was established in 1964. The company produces a variety of steel wire products at plants in Canada and at a new plant it opened in Carson, Calif. (near Los Angeles) in 1978. Coat hangers are not currently produced in the Carson plant, however, Tree Island has requested bids on equipment that could be used to produce hangers at that location. \* \* \* The chairman of Tree Island advised the Commission, in connection with its investigation on conditions of competition in the Western steel market between certain domestic and foreign steel products (No. 332-87), that a 19.7-percent share of the company was held by Marubeni Corp., a large Japanese trading company. Marubeni acquired a 9-percent interest in Tree Island Steel in 1967 and increased its interest to 19.7 percent in 1977. \* \* \*. In addition, it has been reported in the trade press that Tree Island has negotiated a 10-year supply contract

with Sydney Steel Corp. of Nova Scotia to supply it with 180,000 to 240,000 tons per year of steel billets. Tree Island has announced that it will build a wire rod mill at Richmond, British Columbia, to convert these billets to wire rod.

Tree Island began to export steel wire hangers to the United States in March 1978. All of its exports were sold in the Washington-Oregon market. The company's exports to the United States in 1978 and January-March 1979 were as follows:

Item	1978		January-March 1979	
	Quantity	Value	Quantity	Value
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
	<u>units</u>	<u>dollars</u>	<u>units</u>	<u>dollars</u>
Suit hangers-----	***	***	***	***
Shirt hangers-----	***	***	***	***
Total-----	***	***	***	***

U.S. imports

Steel wire hangers were imported into the United States from three countries--Canada, the Republic of Korea (Korea), and Taiwan. All of the known imports from Korea and Taiwan were entered by . \* \* \*

As shown in table 1, the unit values of steel wire hangers imported by \* \* \* are significantly higher than those from Canada. \* \* \* has informed the Commission that it imports specialty steel wire hangers that are sold exclusively to retail department stores for display purposes. These hangers are made of a thicker gauge of steel and require manual labor in their manufacture. Thus they are, according to industry sources, not competitive with U.S.- and Canadian-made hangers.

U.S. imports of steel wire hangers totaled \* \* \* million units in 1978, valued at \* \* \*. In January-March 1979, imports were \* \* \* million units valued at \* \* \*.

There have been no allegations that the Canadian firm which has supplied the bulk of the Canadian imports, North Wire, Ltd., has been selling in the United States at LTFV. The principal U.S. producers which market their hangers in the Northeastern region, where North Wire sells its products, were either oblivious to North Wire's presence in the market or did not express any concern about that firm's activities in the U.S. market. Laidlaw Corp. stated at the public hearing, that it appeared that all of North Wire's exports were being sold at fair value.

Table 1.--Steel wire coat and garment hangers: U.S. imports for consumption, by countries, 1978 and January-March 1979

Country and company	1978			January-March 1979		
	Quantity	Value	Unit	Quantity	Value	Unit
	<u>1,000</u> units	<u>1,000</u> dollars	value Cents	<u>1,000</u> units	<u>1,000</u> dollars	value Cents
Canada:						
Tree Island-----	***	***	***	***	***	***
North Wire-----	***	***	***	***	***	***
Subtotal-----	***	***	***	***	***	***
Korea-----	***	***	***	***	***	***
Taiwan-----	***	***	***	***	***	***
Total-----	***	***	***	***	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from responses to telephone inquiries by U.S.I.T.C. staff.

Consideration of injury or likelihood thereof  
by reason of alleged LTFV sales

Laidlaw Corp., contended at the public hearing that the Commission should make its determination in this investigation on the basis of injury in a regional, rather than a national market. Laidlaw presented data concerning injury in the Pacific-Northwest region of the United States. In its report on the Trade Act of 1974, the Senate Finance Committee had the following comments on regional market consideration during antidumping proceedings:

A hybrid question relating to injury and industry arises when domestic producers of an article are located regionally and serve regional markets predominately or exclusively and the less-than-fair-value imports are concentrated in a regional market with resultant injury to the regional domestic producers. A number of cases have involved this consideration, and where the evidence showed injury to the regional producers, the Commission has held the injury to a part of the domestic industry to be injury to the whole domestic industry. The Committee agrees with the geographic segmentation principle in antidumping cases. However, the Committee believes that each case may be unique and does not wish to impose inflexible rules as to whether injury to regional producers always constitutes injury to the industry.

The committee appears to agree with the geographical segmentation principal where (1) domestic producers of an article are located in and serve a particular regional market predominantly or exclusively and (2) the LTFV imports are concentrated in a regional market with resultant injury to the regional domestic producers.

In this investigation, it appears that Laidlaw Corp. can only partially satisfy the above criteria, since it no longer has a production plant located in the Pacific Northwest region. However, Laidlaw has traditionally held at least a \* \* \* percent share of the Pacific Northwest market and approximately \* \* \* percent of the company's Stockton Calif. plant's output is marketed in this market.



According to industry sources, the U.S. Western regional market for steel wire coat and garment hangers is composed of 10 Western States: California, Oregon, Washington, Idaho, Nevada, Arizona, Utah, Montana, Wyoming, and New Mexico. Although Colorado is generally considered part of the Western regional market for steel products, U.S. producers of steel wire hangers in the Western region do not supply Colorado. They advised the State is part of the U.S. Central region for marketing purposes.

\* \* \* \* \*

#### U.S. consumption and foreign trade

U.S. apparent consumption of steel wire coat and garment hangers was about 3 billion hangers in 1978. Imports from all sources, as shown in table 2, accounted for \* \* \* percent of apparent U.S. consumption in 1978, while imports from Canada accounted for \* \* \*. In the Western regional market U.S. apparent consumption was about 500 million hangers, and imports (all from Tree Island of Canada) accounted for \* \* \* percent of consumption. In the Pacific Northwest region apparent U.S. consumption was \* \* \*, while imports (all from Tree Island of Canada) accounted for \* \* \* percent of consumption. Tree Island maintained this market share in January-March 1979.

Table 2.--Steel wire coat and garment hangers: U.S. producers' shipments, imports from Canada, and total, and apparent U.S. consumption, 1978

Region	U.S. producers' shipments	Imports from Canada	Total imports	Apparent consumption	Ratio of imports from Canada to consumption	Ratio of total imports to consumption
	<u>Million hangers</u>	<u>Million hangers</u>	<u>Million hangers</u>	<u>Million hangers</u>	<u>Percent</u>	<u>Percent</u>
United States-----	***	***	***	2,993	***	***
Western region <u>1</u> /---	***	***	***	499	***	***
Pacific Northwest		***	***	***	***	***
region <u>2</u> /-----	***	***	***	***	***	***

1/ Includes California, Oregon, Washington, Idaho, Nevada, Arizona, Utah, Montana, Wyoming, and New Mexico.

2/ Includes Washington and Oregon.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from responses to telephone inquiries by the Commission's staff.

U.S. production and shipments

Data on U.S. production and shipments of wire hangers are only available for 1978. In this industry there are virtually no exports, and inventories are held to a minimum level; therefore, U.S. production and domestic shipments are practically the same. U.S. production of steel wire coat and garment hangers in 1978 was about 3 billion hangers, valued at approximately \$75 million. Production in 1978, by company and regions is set forth in the table below.

Table 3 .--Steel wire coat and garment hangers: U.S. production, by companies, by regions, 1978

(In millions of hangers)

Company	: Total :	: Western : region 1/	: Pacific- : Northwest : region 2/
Cleaners Hanger Co-----	***	***	***
Laidlaw Corp-----	***	***	***
United Wire Hanger Co-----	***	***	***
Mid-West Hanger Co. 3/-----	***	***	***
M&B Metal Products inc-----	***	***	***
Garment Hanger Co -----	***	***	***
Nagel Manufacturing Co. 3/-----	***	***	***
Total-----	***	***	***

1/ Includes California, Oregon, Washington, Idaho, Nevada, Arizona, Utah, Montana, Wyoming, and New Mexico.

2/ Includes Washington and Oregon

3/ Estimate by company official.

Source: Compile from data submitted in response to questionnaires of the U.S. International Trade Commission and from responses to telephone inquiries by Commission staff.

The only domestic producer which provided the Commission with production, capacity, employment, pricing, and financial information was Laidlaw Corp. This firm provided data on its Stockton, Calif., and Seattle, Wash., plants, which supplied all of Laidlaw's shipments to the Washington-Oregon market. Data on the Seattle plant, which closed in March 1978, has been consolidated with the data shown for the Stockton plant throughout this report. All of Laidlaw's annual data are presented on an October 1-September 30 fiscal year basis.

Laidlaw Corp's production, capacity, and capacity utilization

Although the total capacity of Laidlaw's Western operations declined as a result of the 1978 closing of the Seattle plant, production increased from \* \* \* million hangers in 1977 to \* \* \* million in 1978. If the production trends for the first 6 months of fiscal 1979 continue, the Stockton plant will surpass its 1978 production. Furthermore, as shown in table 4, the capacity utilization of the Stockton plant increased in 1978 and has continued to increase in the first 6 months of fiscal 1979.

Table 4.--Steel wire coat and garment hangers: Laidlaw Corp.'s Stockton and Seattle plants' production, capacity, and capacity utilization, fiscal years 1976-78 and October 1978-March 1979

Period	Production	Capacity <sup>1/</sup>	Capacity utilization
	Thousand units	Thousand units	Percent
12 months ended Sept. 30, 1976-----	***	***	***
12 months ended Sept. 30, 1977-----	***	***	***
12 months ended Sept. 30, 1978 <sup>2/</sup> -----	***	***	***
6 months ended Mar. 31, 1979-----	***	***	***

<sup>1/</sup> Based on operating the plant 3 shifts a day, 5 days a week.

<sup>2/</sup> Seattle plant closed in March 1978.

Source: Laidlaw Corp.

Financial data for Laidlaw's Stockton plant

\* \* \* \* \*

Table 5.--Selected financial data for Laidlaw Corp.'s Stockton, and Seattle 1/ plants for fiscal years 1976-78 and October 1978-March 1979

Item	: 12 months : ended Sept. : 30, 1976	: 12 months : ended Sept. : 30, 1977	: 12 months : ended Sept. : 30, 1978	: 6 months : ended Mar. : 31, 1979
Net sales-----	***	***	***	***
Cost of goods sold-----	***	***	***	***
Gross profit-----	***	***	***	***
Selling, general, and admin- istrative expenses-----	***	***	***	***
Operating profit-----	***	***	***	***
Other income (expense)-----	***	***	***	***
Pretax profit-----	***	***	***	***

1/ Seattle plant was closed in 1978.

Source: Laidlaw Corp.

Price suppression

As a result of Tree Island's entrance into the Pacific Northwest market in mid-1978, Laidlaw reduced its prices for the items sold by Tree Island by 5 percent in the fourth quarter of 1978 and in February 1979 increased the discount to 10 percent. As shown in table 6 below published prices for suit and shirt hangers in the Washington-Oregon area dropped dramatically in February 1979. Laidlaw advised that it decreased its prices in order to maintain its customers; therefore, it has no claims of lost sales at this time. However, Laidlaw expects to lose customers as a result of raising its prices on May 1, 1979, to a level that is no longer competitive with Tree Island's prices.

At the public hearing the president of Laidlaw stated that if Tree Island raised its prices to fair value, Tree Island would still be able to undersell Laidlaw by 3.6 percent on one type of hanger, 9.4 percent on another, and 17.4 percent on a third type. Tree Island's price advantage is attributed to a favorable currency exchange rate for the Canadian dollar, the low price of steel rod in

Table 6.--Laidlaw Corp.'s published prices for specified types of steel wire hangers in the California and Washington-Oregon markets, Mar. 8, 1976-May 1, 1979

(In dollars per case)

Date of price changes	California		Washington-Oregon	
	Suit hangers	Shirt hangers	Suit hangers	Shirt hangers
Mar. 8, 1976-----	\$20.35	\$17.60	\$20.75	\$18.05
July 24, 1978-----	24.05	21.60	24.50	22.10
Feb. 19, 1979-----	26.55	22.85	27.00	23.40
Feb. 26, 1979-----	26.55	22.85	22.85	20.00
May 1, 1979-----	26.55	22.85	27.00	23.40

Source: Laidlaw Corp.

Canada, and the proximity of the Canadian plant to the Pacific Northwest market. Laidlaw estimates that because of these advantages, the U.S. industry is threatened with a loss of 50 percent of the Washington-Oregon market. Counsel for Tree Island has informed the Commission that on April 1, 1979, Tree Island raised its U.S. prices for hangers by 7 percent, and the prices for hangers in the Provinces of Alberta and Saskatchewan by 4 to 10 percent. \* \* \*

Counsel for Tree Island testified at the public hearing that Laidlaw had advised by letter 1/ that if Tree Island revised its prices to eliminate LTFV sales or terminated its sales to the United States, that Laidlaw could withdraw its antidumping petition or request that the investigation be terminated. Counsel also advised at the hearing that Laidlaw has refused to sell to certain firms in the Pacific Northwest region, and it is these firms that Tree Island has developed as customers. The Commission's staff was able to confirm two instances where Laidlaw refused to sell hangers to firms which subsequently purchased hangers from Tree Island. \* \* \*. Counsel for Laidlaw responded to the aforementioned allegations as follows:

"Laidlaw Corp. has and will continue to refuse to sell merchandise to unqualified purchasers. In order to maintain the distributor sales structure in the United States, Laidlaw generally requires that its purchasers offer a full line of laundry supply products, employ sufficient salesmen to promote sales of the product, and maintain an adequate credit record. Because Laidlaw does not sell hangers in less than truckload lots (approximately \$10,000-\$12,000), substantial credit requirements must be imposed. Sales of chemicals (average sale about \$250) or other nonhanger products would of course not require the same purchaser qualifications." (Page 29, brief on behalf of Laidlaw Corp.)

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1/ See copy of Laidlaw's letter dated February 8, 1979 to Tree Island and the U.S. International Trade Commission's General Counsel's memorandum of May 14, 1979 to Vice Chairman Bill Alberger, regarding possible anti-dumping questions raised by the Laidlaw letter in app. C.

\* \* \* \* \*

Laidlaw's primary concern in this case is the threat of injury. Company officials testified that because of the proximity of Tree Island's Richmond, British Columbia, production facility to the Washington-Oregon market and the lower cost of steel rod in Canada, the U.S. industry supplying this market is threatened by a large increase in imports if Tree Island continues to sell at LTFV.

U.S. producers of steel wire hangers have become increasingly dependent upon purchasing foreign wire rod in recent years in order to obtain an adequate supply of this basic raw material at reasonable prices. The introduction of the "Trigger Pricing System" for imported steel products (steel wire rods being one of the products subject to the trigger pricing system) has caused the price of imported steel rods to increase substantially in 1978 and in January-March 1979.

Laidlaw has a steel wire hanger plant in Toronto, Canada, which purchases foreign-produced steel rods. As shown in figure 1 and table 7, the cost of steel rod for the Stockton, Calif., plant increased and surpassed the costs of the same material to the Toronto plant. Laidlaw alleges that Tree Island can purchase rod for the same price as its Toronto plant.

Table 7.--Laidlaw Corp.'s delivered cost of steel wire rod, by plants, by quarter, Apr. 1, 1978-Mar. 31, 1979

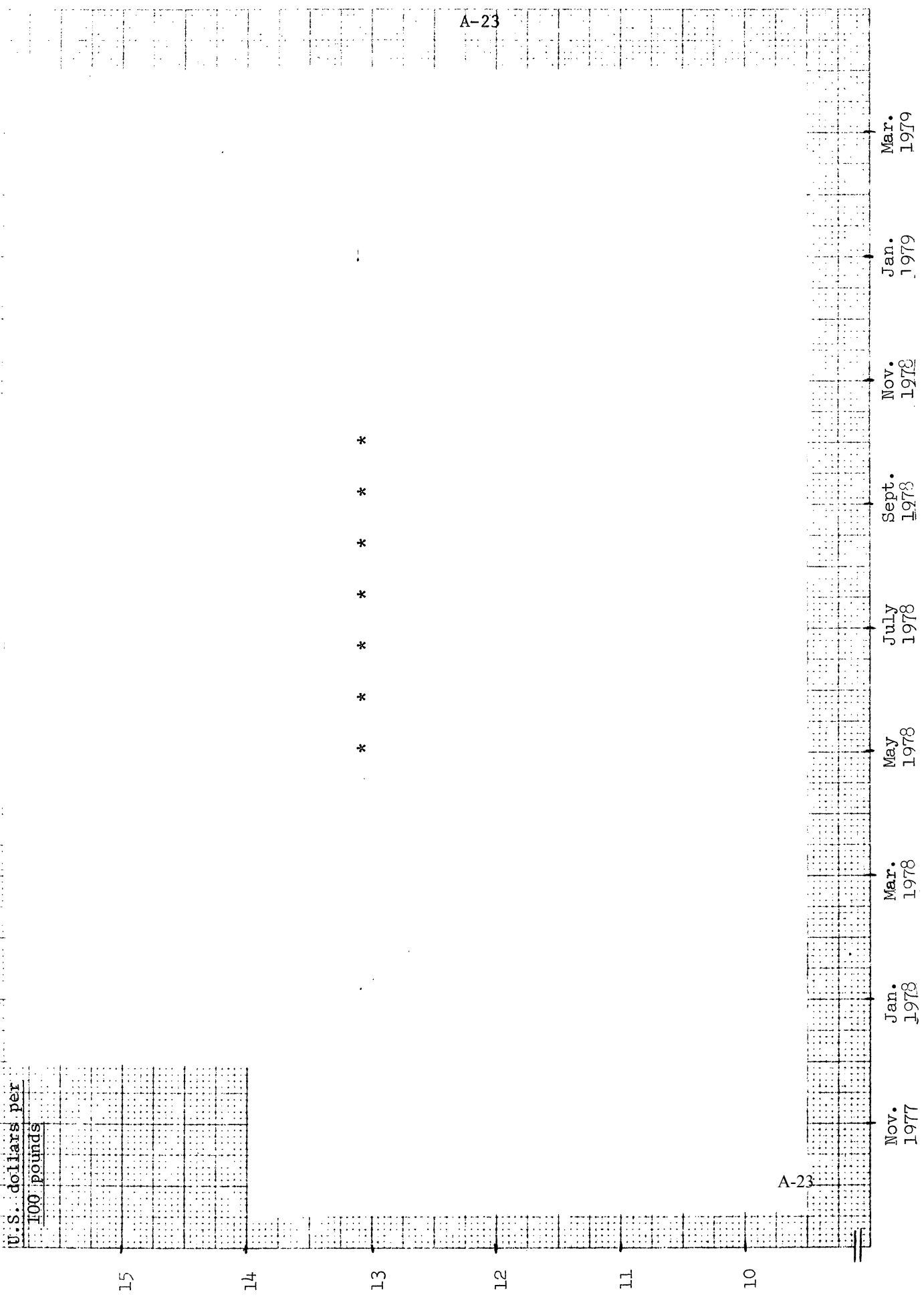
(In U.S. dollars per 100 pounds)

Period	Stockton	Eastern U.S. plants <sup>1/</sup>	Toronto
1978:			
April-June-----	***	***	***
July-September-----	***	***	***
October-December-----	***	***	***
1979:			
January-March-----	***	***	***

<sup>1/</sup> The arithmetic average of the delivered cost of wire rod at plants in Metropolis, Wis.; Monticello, Ill.; and New Castle, Del.



U.S. dollars per 100 pounds, by month, November 1977-March 1979.



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A-23

Appendix A

Commission's Notice of Inquiry and Hearing

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.

[AA1921-Inq.-25]

STEEL WIRE COAT HANGERS FROM CANADA


Notice of Inquiry and Hearing

The United States International Trade Commission (Commission) received advice from the Department of the Treasury (Treasury) on April 17, 1979, that during the course of determining, in accordance with section 201(c) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(c)) whether to institute an investigation with respect to steel wire coat hangers from Canada, Treasury had concluded from the information available to it that there is substantial doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of this merchandise into the United States. For purposes of this inquiry, steel wire coat hangers are defined as "coat and garment hangers of steel, wholly or in chief value of wire, provided for in TSUS item 657.25." Therefore, the Commission on April 20, 1979, instituted inquiry No. AA1921-Inq.-25, under section 201(c)(2) of the act, to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Hearing. A public hearing in connection with the inquiry will be held in Washington, D.C., at 10:00 a.m., e.d.t., on Wednesday, May 2, 1979, in the Hearing Room, U.S. International Trade Commission Building, 701 E Street, NW. All parties will be given an opportunity to be present, to produce information and to be heard at such hearing. Requests to appear at the public hearing should be received in writing in the office of the Secretary to the Commission not later than 3:00 p.m., Friday, April 27, 1979.

Written statements. Interested parties may submit statements in writing in lieu of, or in addition to, appearing at the public hearing. A signed original and nineteen true copies of such statements should be submitted. To be assured of their being given due consideration by the Commission, such statements should be received no later than Friday, May 4, 1979.

By order of the Commission.

  
Kenneth R. Mason  
Secretary

Appendix B

Treasury Department's Antidumping Proceeding Notice



A-28

THE GENERAL COUNSEL OF THE TREASURY  
WASHINGTON, D.C. 20220

APR 18 1979


Dear Mr. Chairman:

In accordance with section 201(c) of the Antidumping Act of 1921, as amended, an antidumping investigation is being initiated with respect to steel wire coat and garment hangers from Canada. Pursuant to section 201(c)(2) of the Act, you are hereby advised that the information developed during our preliminary investigation has led me to the conclusion that there is substantial doubt that an industry in the United States is being, or is likely to be, injured by reason of the importation of this merchandise into the United States.

The basis for my determination is summarized in the attached copy of the Antidumping Proceeding Notice in this case. Further data will be supplied by Treasury.

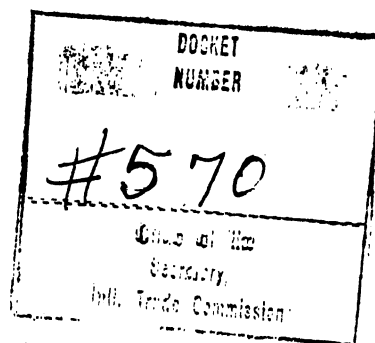
Some of the enclosed data is regarded by Treasury to be of a confidential nature. It is therefore requested that the Commission consider all the enclosed information to be for the official use of the ITC only, not to be disclosed to others without prior clearance from the Treasury Department.

Sincerely yours,

  
Robert H. Mundheim

The Honorable  
Joseph O. Parker  
U.S. International Trade  
Commission  
Washington, D.C. 20436

Enclosure



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information set forth in the petition and that derived from the Customs Service's summary investigation, it appears that the margins of dumping are approximately 41 percent with respect to imports from France, 84 percent with respect to imports from Italy, 119 percent with respect to imports from the Federal Republic of Germany, and 57 percent with respect to imports from the United Kingdom.

It appears that some foreign producers and some purchasers in the United States are related within the meaning of the Act and, therefore, it will be necessary to establish the exporter's sales price of the merchandise in the U.S. market.

Sodium hydroxide, in solution (liquid caustic soda), which is classified under item number 421.08 of the Tariff Schedules of the United States Annotated, is one of the most widely used industrial chemicals due to its ability as a strong alkali to react with many substances. It is primarily produced via the electrolytic process from a sodium chloride solution with chlorine and hydrogen as co-products.

There is evidence on record concerning injury, or likelihood of injury, to the United States industry from the alleged less-than-fair-value imports of sodium hydroxide, in solution, from these countries.

The petitioner's evidence indicates dramatically increased aggregate imports and reduction in aggregate prices for imports from these countries, and a substantial increase in the share of Northeast regional consumption held by these imports. It appears that the price of domestically produced sodium hydroxide in the Northeast region has declined significantly during the time of rising import penetration. Petitioner's evidence also indicates dramatic reduction in its profitability and utilization rates. Further, it appears that elimination of the alleged margins of dumping would result in elimination of margins by which petitioner is being undersold by these imports.

Having conducted a summary investigation as required by § 153.29, Customs Regulations (19 CFR 153.29), and having determined as a result hereof that there are grounds for doing so, the U.S. Customs Service is instituting an inquiry to verify the information submitted and to obtain the facts necessary to enable the Secretary of the Treasury to reach a determination as to the fact or likelihood of sales at less than fair value.

This notice is published pursuant to § 153.30, Customs Regulations (19 CFR 153.30).

April 13, 1979.

Robert H. Mundheim,

General Counsel of the Treasury.

[FR Doc. 79-12330 Filed 4-19-79; 8:15 am]

BILLING CODE 4810-22-M

### Steel Wire Coat and Garment Hangers From Canada; Antidumping Proceeding Notice

**AGENCY:** United States Treasury Department.

**ACTION:** Initiation of Antidumping Investigation.

**SUMMARY:** This notice is to advise the public that an antidumping investigation has been started for the purpose of determining whether or not steel wire coat hangers from Canada are being sold, or are likely to be sold, for export to the United States at less than fair value. (Sales at less than fair value usually means that the price of the merchandise sold for exportation to the United States is less than the price of the merchandise sold in the home market.) There is substantial doubt that imports of the subject merchandise, allegedly at less than fair value, are causing, or are likely to cause, injury to an industry in the United States. Therefore, the case is being referred to the U.S. International Trade Commission for a determination on the injury question.

**EFFECTIVE DATE:** April 20, 1979.

**FOR FURTHER INFORMATION CONTACT:** Vincent Kane, Operations Officer, Duty Assessment Division, United States Customs Service, 1301 Constitution Avenue, N.W., Washington, D.C. 20229 (telephone 202-566-5492).

**SUPPLEMENTARY INFORMATION:** On March 21, 1979, information was received in proper form pursuant to sections 153.26 and 153.27, Customs Regulations (19 CFR 153.26, 153.27), from counsel on behalf of the Laidlaw Corporation of Mesa, Arizona, a domestic producer of steel wire coat and garment hangers, indicating a possibility that steel wire coat and garment hangers from Canada are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160 *et seq.*).

The coat and garment hangers under consideration are coat and garment hangers of steel, wholly or in chief weight of wire, provided for in the Tariff Schedules of the United States, item number 657.25.

The alleged margins of dumping, based on comparisons between the home market prices and prices for export to the United States, range from about 2.3 to 4.9 percent.

There is evidence on record concerning injury to, or likelihood of injury to, an industry in the United States. The evidence relates mainly to price depression suffered by the U.S. firm in its attempt to remain competitive.

However, there is evidence that the volume of imports from Canada during 1978 amounted to only \$17,000 and that those imports accounted for only about 2.7 percent of petitioner's sales in the Northwest region of the United States, the market wherein injury was alleged. Further, although petitioner has shown evidence of underselling by as much as 10 percent by the Canadian imports during 1978, Laidlaw's sales in the Northwest increased by more than 30 percent in that year. Moreover the production facility affected by the alleged less-than-fair-value sales operated at a high level of capacity during 1978.

Accordingly, it has been concluded that there is substantial doubt of injury to, or likelihood of injury to, an industry in the United States by virtue of importations of steel wire coat and garment hangers from Canada. Accordingly, the United States International Trade Commission is being advised of such doubt pursuant to section 201(c)(2) of the Act (19 U.S.C. 160(c)(2)).

Having conducted a summary investigation as required by § 153.29 of the Customs Regulations (19 CFR 153.29), and having determined as a result thereof that there are grounds for, so doing, the United States Customs Service is instituting an inquiry to verify the information submitted and to obtain the facts necessary to enable the Secretary of the Treasury to reach a determination as to the fact or likelihood of sales at less than fair value.

Should the International Trade Commission, within 30 days of receipt of the information cited in the preceding paragraph, advise the Secretary that there is no reasonable indication that an industry in the United States is being, or is likely to be, injured by reason of the importation of such merchandise into the United States, this investigation will be terminated. Otherwise, the investigation will continue to conclusion.

Appendix C

Laidlaw Corp.'s letter to Tree Island Steel Co.,  
and International Trade Commission's General  
Counsel's memorandum of May 14, 1979



February 8, 1979

Tree Island Steel Company, Ltd.  
P. O. Box 50  
New Westminster, B. C. V3L 4Y1  
CANADA

EXHIBIT NO. Cal 3  
DATE 5/2/79

RE: Suspected dumping of steel  
wire coat hangers into the  
United States

Gentlemen:

This is to inform you that the Laidlaw Corporation has filed with the Commissioner of Customs, United States Customs Service, certain information regarding suspected dumping of steel wire coat hangers produced by you in British Columbia and sold through Tree Island Steel, Inc. in the United States. A copy of the non-confidential portions of the submission is enclosed for your convenience.

Two factors have compelled us to take this step to initiate an antidumping investigation. The first is the effect of the Steel Trigger Price Mechanism which has been established by the United States, which as you know establishes a price floor for and makes economies in the procurement of our basic raw material impossible. The second is the large increase in the volume of your shipments to the United States coupled with your subsidiary's sharp reduction in prices in the fall of 1978. The small profit margin involved in production of this merchandise makes the prospect of prolonged competition with what we suspect to be a dumped product unacceptable.

Section 153.33 of the Customs Regulations allows discontinuance of an antidumping investigation in a number of circumstances, including revision of prices to eliminate any likelihood of present sales at less than fair value, and termination of sales to the United States. If either of these conditions can be met to our satisfaction, the request for investigation could be withdrawn or a request to discontinue the investigation could be supported.

RECEIVED  
Laidlaw  
TREE ISLAND STEEL CO. LTD.

Very truly yours,

*John S. Mueller*  
John S. Mueller  
Chairman,  
Chief Executive Office

cc: Steven W. Baker

MEMORANDUM

TO: Commissioner Alberger  
FROM: General Counsel 1/ *MHS by JML*  
SUBJECT: Steel Wire Coat and Garment Hangers, AA1921-Inq.-25, 2/

Background

This is in response to your memorandum of May 3, 1979, (C02-C-119) in which you requested our advice about a letter from the domestic manufacturer in the Steel Wire Coat and Garment Hangers inquiry No. AA1921-Inq.-25 to the Canadian importer. The letter (a copy of which is attached to this memorandum) was entered as an exhibit at the Commission hearing May 2, 1979, by the Canadian importer, Tree Island Steel Company, Ltd. Your memorandum states:

The letter was alleged by counsel for Tree Island to be an invitation to the importer to raise its prices in exchange for withdrawal of Laidlaw's request for an antidumping investigation. Counsel for Tree Island suggested that the letter demonstrated an attempt to violate antitrust law. He further indicated that the letter had been given to the General Counsel of the Treasury Department.

I would appreciate your advice on whether the Commission has any obligation to refer such matters to other agencies, particularly the Department of Justice. In so doing, would you also discuss the substance of the letter itself and the antitrust questions raised.

Recommendation

We do not believe that the Commission has any obligation to refer the letter in question to the Department of Justice or any other agency.

Discussion

In our opinion, the letter does not constitute an antitrust violation, and further there has been no other proof of such a violation. We agree with

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1/ This memorandum was prepared by Mary Martin.

2/ Lib. Ref. Section 201(c) of the Antidumping Act, 1921, as amended. A-32

complainant's explanation of the letter at page 31 in its brief filed with the Commission May 7, 1979:

Tree Island made some strong, and, as of the date of the hearing, completely unsupported statements regarding anti-competitive actions by Laidlaw Corporation. The February 9, 1979 letter, as shown by the questions asked by Commissioners at the hearing, in no way threatens any action by Laidlaw if Tree Island fails to perform certain activities. On the contrary, the letter informs Tree Island of the action taken, indicates why Laidlaw Corporation felt it necessary to take this action, and indicates possible remedies specified in the Customs Regulations. The action by Laidlaw Corporation was at that point already taken.

Considerations of the circumstances surrounding the letter also support the opinion that no antitrust violation has occurred. Even if we assume that the letter was an invitation to violate an antitrust law, the foreign manufacturer did not accept the invitation to fix prices. Further, the letter has already been given to the General Counsel of the Treasury Department. Under these circumstances, we do not believe that there is sufficient information before the Commission to notify the Department of Justice or any other agency pursuant to 19 CFR 201.4(d). 1/

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1/ (d) Presentation of matter that may come within the purview of other laws. Whenever any party or person, including the Commission staff, has reason to believe that (1) a matter under investigation pursuant to section 337 of the Tariff Act of 1930, as amended, or (2) in the course of an investigation under section 201 of the Trade Act of 1974 (Pub. L. 93-619), circumstances causing increased imports may come within the purview of another remedial provision of law not the basis of such investigation, including but not limited to the Antidumping Act, 1921, or sections 303 or 337 of the Tariff Act of 1930, as amended, then the party or person may file a suggestion of notification with the Commission that the appropriate agency be notified of such matter or circumstances, together with such information as the party or person has available. The Commission Secretary shall promptly thereafter publish notice of the filing of such suggestion and information, and make them available for inspection and copying to the extent permitted by the law. Any person may comment on the suggestion within 10 days after the publication of said notice. Thereafter, the Commission shall determine whether notification is appropriate under the law and, if so, shall notify the appropriate agency of such matters or circumstances. The Commission may at any time make such notification in the absence of a suggestion under this rule when the Commission has reason to believe, on the basis of information before it, that notification is appropriate under law.



