

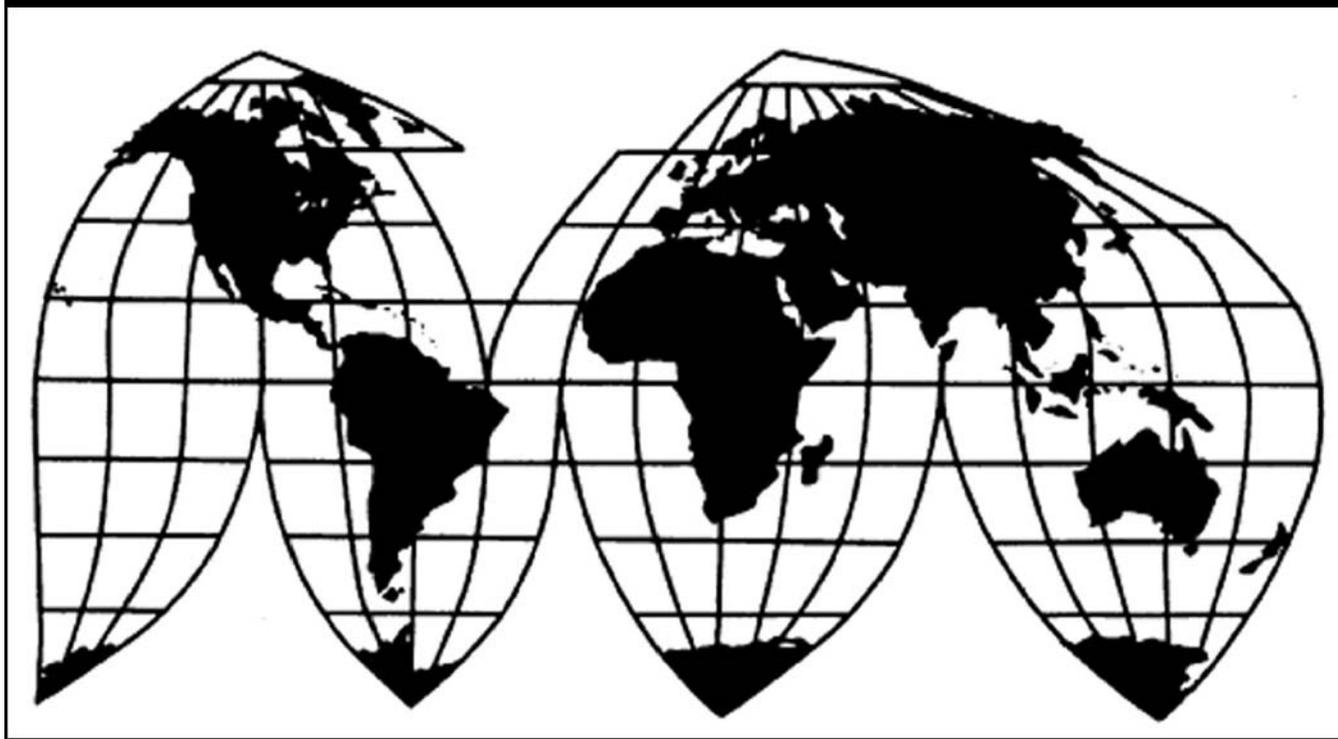
Steel Wire Garment Hangers from China

Investigation No. 731-TA-1123 (Final)

Publication 4034

September 2008

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

COMMISSIONERS

Shara L. Aranoff, Chairman
Daniel R. Pearson, Vice Chairman
Deanna Tanner Okun
Charlotte R. Lane
Irving A. Williamson
Dean A. Pinkert

Robert A. Rogowsky
Director of Operations

Staff assigned

Gabriel Ellenberger, Investigator
Jennifer Merrill, Investigator
Karen Taylor, Industry Analyst
Catherine DeFilippo, Economist
Justin Jee, Accountant
Lemuel Shields, Statistical Information Specialist
David Goldfine, Attorney
Douglas Corkran, Supervisory Investigator

Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

U.S. International Trade Commission

Washington, DC 20436
www.usitc.gov

Steel Wire Garment Hangers from China

Investigation No. 731-TA-1123 (Final)

Publication 4034



September 2008

CONTENTS

	<i>Page</i>
Determination	1
Views of the Commission	3
Part I: Introduction	I-1
Background	I-1
Statutory criteria and organization of the report	I-1
Statutory criteria	I-1
Organization of the report	I-2
U.S. market summary	I-3
Summary data and data sources	I-3
Previous and related investigations	I-3
Nature and extent of sales at LTFV	I-4
The subject merchandise	I-5
Commerce's scope	I-5
U.S. tariff treatment	I-6
The domestic like product	I-6
Description and applications	I-6
Manufacturing processes	I-8
Domestic like product issues	I-14
Part II: Conditions of competition in the U.S. market	II-1
U.S. market characteristics	II-1
Channels of distribution	II-1
Regional shipments	II-1
Supply and demand considerations	II-2
U.S. supply	II-2
U.S. demand	II-4
Substitutability issues	II-7
Factors affecting purchasing decisions	II-8
Comparison of domestic products, subject imports, and nonsubject imports	II-11
Elasticity estimates	II-15
U.S. supply elasticity	II-15
U.S. demand elasticity	II-15
Substitution elasticity	II-15
Part III: U.S. producers' production, shipments, and employment	III-1
U.S. producers	III-1
U.S. capacity, production, and capacity utilization	III-4
U.S. producers' shipments	III-5
U.S. producers' imports and purchases	III-7
U.S. producers' inventories	III-8
U.S. employment, wages, and productivity	III-8

CONTENTS

	<i>Page</i>
Part IV: U.S. imports, apparent U.S. consumption, and market shares	IV-1
U.S. importers	IV-1
U.S. imports	IV-1
Imports from subject and nonsubject sources	IV-1
Negligibility	IV-7
U.S. imports by type	IV-7
U.S. imports by customs district	IV-9
Apparent U.S. consumption, U.S. market shares, and ratios of imports to U.S. production	IV-10
Part V: Pricing and related information	V-1
Factors affecting prices	V-1
Raw material costs	V-1
Transportation costs to the U.S. market	V-1
U.S. inland transportation costs	V-2
Exchange rates	V-2
Pricing practices	V-3
Price data	V-3
Lost sales	V-14
Allegations from the petition	V-14
Additional allegations	V-15
Part VI: Financial experience of U.S. producers	VI-1
Background	VI-1
Operations on SWG hangers	VI-1
Capital expenditures and research and development expenses	VI-3
Assets and return on investment	VI-3
Capital and investment	VI-4
Part VII: Threat considerations and <i>Bratsk</i> considerations	VII-1
The industry in China	VII-2
U.S. importers' inventories	VII-5
U.S. importers' current orders	VII-6
Antidumping and countervailing duty orders in third-country markets	VII-7
Information on nonsubject sources	VII-7
“Bratsk” considerations	VII-7
Nonsubject source information	VII-7

CONTENTS

Page

Appendixes

A. <i>Federal Register</i> notices	A-1
B. Hearing witnesses	B-1
C. Summary data	C-1
D. Price data excluding certain U.S. producers	D-1

Note.— Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1123 (Final)

STEEL WIRE GARMENT HANGERS FROM CHINA

DETERMINATION

On the basis of the record¹ developed in the subject investigation, the United States International Trade Commission (Commission) determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from China of steel wire garment hangers, provided for in subheading 7326.20.00 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce (Commerce) to be sold in the United States at less than fair value (LTFV).

BACKGROUND

The Commission instituted this investigation effective July 31, 2007, following receipt of a petition filed with the Commission and Commerce by M&B Metal Products Company, Inc., Leeds, AL. The final phase of the investigation was scheduled by the Commission following notification of a preliminary determination by Commerce that imports of steel wire garment hangers from China were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of April 4, 2008 (73 FR 18560). The hearing was held in Washington, DC, on July 31, 2008, and all persons who requested the opportunity were permitted to appear in person or by counsel.

¹ The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

VIEWS OF THE COMMISSION

Based on the record in the final phase of this investigation, we determine that an industry in the United States is materially injured by reason of imports of steel wire garment hangers (“SWG hangers” or “hangers”) from China that are sold in the United States at less than fair value (“LTFV”).

I. BACKGROUND

Domestic producer M&B Metal Products Company, Inc. (“M&B”) filed a petition on behalf of the domestic industry on July 31, 2007. Representatives of M&B appeared at the hearing and filed prehearing and posthearing briefs. Laidlaw Company LLC (“Laidlaw”) and United Wire Hanger Corporation (“United Wire”) are former U.S. producers that currently import SWG hangers from China. Representatives of Laidlaw and United Wire appeared at the hearing and filed prehearing and posthearing briefs on behalf of those companies and the following Chinese subject producers: Shangyu Baoxiang Metal Product Co. Ltd.; Zhejiang Lucky Cloud Hanger Co., Ltd.; Shaoxing Dingli Metal Clotheshorse Co.; Shaoxing Liangbao Metal Products Co., Ltd.; Shaoxing Meideli Metal Products Co., Ltd.; Shaoxing Shunji Metal Clotheshorse Co., Ltd.; Pujiang County Command Metal Products Co., Ltd.; Ningbo Dasheng Hanger Ind. Co., Ltd.; Jiaxing Boyi Medical Device Co., Ltd.; Yiwu Ao-Si Metal Products Co., Ltd.; Shaoxing Guohao Metallic Products Co., Ltd; and Shaoxing Zhangbao Metal Manufactured Co., Ltd. Representatives of importer Willert Home Products, Inc. (“Willert”) participated at the hearing and filed prehearing and posthearing briefs. Representatives of the laundry/dry cleaning cooperative Fabricare Choice Distributors Group, Inc. (“Fabricare”) participated at the hearing and filed a prehearing brief.

Previously, on November 27, 2002, CHC Industries, Inc., M&B, and United Wire, all then domestic producers of SWG hangers, filed a petition pursuant to Section 421 of the Trade Act of 1974 (“section 421”) alleging that SWG hanger imports from China were being imported into the United States in such increased quantities or under such conditions as to cause or threaten to cause market disruption to domestic producers of SWG hangers.¹ On January 27, 2003, the Commission announced an affirmative determination of market disruption by Chinese subject imports.² Accordingly, on February 5, 2003, the Commission voted to recommend a remedy consisting of an additional duty on imports of SWG hangers from China for a three-year period, beginning at 25 percent *ad valorem* in the first year, decreasing to 20 percent *ad valorem* in the second year, and ending at 15 percent *ad valorem* in the third year.³ On April 25, 2003, the President determined that import relief for the U.S. wire hanger industry was not in the national economic interest of the United States and declined to impose any duties.⁴

¹ See Certain Steel Wire Garment Hangers from China, Inv. No. TA-421-2, USITC Pub. 3575 (Feb. 2003) (“USITC Pub. 3575”) at I-3.

² See USITC Pub. 3575 at I-3; see also, 68 Fed. Reg. 5923 (Feb. 5, 2003).

³ See USITC Pub. 3575 at I-3.

⁴ 68 Fed. Reg. 23019 (April 29, 2003), Presidential Determination on Wire Hanger Imports from the People’s Republic of China, April 25, 2003.

II. DOMESTIC LIKE PRODUCT AND DOMESTIC INDUSTRY

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the “domestic like product” and the “industry.”⁵ Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Act”), defines the relevant domestic industry as the “producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”⁶ In turn, the Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation”⁷

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.⁸ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.⁹ The Commission looks for clear dividing lines among possible like products and disregards minor variations.¹⁰

Although the Commission must accept the determination of the U.S. Department of Commerce (“Commerce”) as to the scope of the imported merchandise allegedly sold at LTFV,¹¹ the Commission determines what domestic product is like the imported articles Commerce has identified.¹²

⁵ 19 U.S.C. § 1677(4)(A).

⁶ 19 U.S.C. § 1677(4)(A).

⁷ 19 U.S.C. § 1677(10).

⁸ See, e.g., Cleo, Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991) (“every like product determination ‘must be made on the particular record at issue’ and the ‘unique facts of each case’”). The Commission generally considers a number of factors including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996).

⁹ See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

¹⁰ Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49. See also S. Rep. No. 96-249 at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in “such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not ‘like’ each other, nor should the definition of ‘like product’ be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.”).

¹¹ See, e.g., USEC, Inc. v. United States, Slip Op. 01-1421 (Fed. Cir. April 25, 2002) at 9 (“The ITC may not modify the class or kind of imported merchandise examined by Commerce.”); Algoma Steel Corp. v. United States, 688 F. Supp. 639, 644 (Ct. Int’l Trade 1988), aff’d, 865 F.3d 240 (Fed. Cir.), cert. denied, 492 U.S. 919 (1989).

¹² Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Cleo, Inc. v. United States, 501 F.3d 1291, 1298, n.1 (Fed. Cir. 2007) (“Commerce’s [scope] finding does not control the Commission’s [like product] determination.”); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

B. Product Description

Commerce has defined the imported merchandise within the scope of this investigation as follows:

steel wire garment hangers, fabricated from carbon steel wire, whether or not galvanized or painted, whether or not coated with latex or epoxy or similar gripping materials, and/or whether or not fashioned with paper covers or capes (with or without printing) and/or nonslip features such as saddles or tubes. These products may also be referred to by a commercial designation, such as shirt, suit, strut, caped, or latex (industrial) hangers. Specifically excluded from the scope of this investigation are wooden, plastic, and other garment hangers that are not made of steel wire.¹³

SWG hangers are used by the dry cleaning, industrial laundry, textile, and uniform rental industries. The four most common varieties of dry cleaning hangers are caped hangers, shirt hangers, suit hangers, and strut hangers.¹⁴ Despite some differences in finishes and paper accessories, all of these hangers share the same basic configuration, characteristics, and end use.¹⁵ SWG hangers produced for use in industrial laundries or the uniform rental market are known as textile or uniform rental hangers or as industrial hangers. These hangers are produced from heavier gauge wire in order to support the weight of newly washed textiles and uniforms. Industrial laundries and uniform rental companies typically require hangers of more substantial gauge and consistent shape to fit their high-speed processing equipment.¹⁶ The manufacture of SWG hangers consists of cutting low-carbon steel wire to length and then fabricating the hangers. Once the wire is straightened and cut to length, the hangers are formed and painted. The struts or capes are then attached to the hanger either by hand or by machine.¹⁷

C. Analysis

In the preliminary phase of this investigation, the Commission found a single domestic like product consisting of SWG hangers coextensive with Commerce's scope.¹⁸ In this final phase, Petitioner M&B urges the Commission again to find a single domestic like product coextensive with the scope of this investigation that includes all SWG hangers.¹⁹ Only Respondent Willert contests M&B's proposed like product definition. Willert contends that its type-2 vinyl-dipped garment hangers ("type-2 VDG hangers") are unlike other forms of SWG garment hangers and that the Commission therefore should make a separate domestic like product determination for type-2 VDG hangers.²⁰ In its posthearing brief, Willert for the first time argued that, because there is no domestic production of type-2 VDG hangers, the

¹³ *Steel Wire Garment Hangers from the People's Republic of China: Final Determination at Less than Fair Value*, 73 Fed. Reg. 47587 (Aug. 14, 2008).

¹⁴ CR at I-8; PR at I-6.

¹⁵ CR at I-9; PR at I-7.

¹⁶ CR at I-10; PR at I-7.

¹⁷ CR at I-10; PR at I-7.

¹⁸ See *Steel Wire Garment Hangers from China*, Inv. No. 731-TA-1123 (Preliminary), USITC Pub. 3951 (Oct. 2007).

¹⁹ M&B's Postconference Br. at 7.

²⁰ Willert's Prehearing Br. at 1-24.

Commission should find that the domestic product “most similar in characteristics and uses” to such hangers is “plastic, wooden, or crystal acrylic type” hangers.²¹

In this final phase investigation, we again find a single domestic like product comprised of all SWG hangers, co-extensive with the scope, for the reasons discussed below.

Physical Characteristics and End Uses. Although there are some differences in the different types of SWG hangers, all are made from steel wire and most are used by dry cleaners for garments, or by uniform rental companies for newly-washed textiles or uniforms.²²

Interchangeability. There are some limitations in interchangeability among various types of SWG hangers, as shirt hangers are used for shirts, suit hangers for suits, and latex and other rental hangers for uniforms.²³

Channels of Distribution. It appears that all types of SWG hangers have typically been sold to distributors, although they are increasingly being sold directly to end users.²⁴

Manufacturing Facilities, Production Processes, and Employees. The evidence indicates that all types of SWG hangers share the same basic production process and employees until the final step, when a strut, cape, or latex coating is added to the hanger.²⁵

Producer and Customer Perceptions. Producers and importers of SWG hangers all view SWG hangers as falling within the same basic product category.²⁶

Price. The different types of SWG hangers are priced on a continuum based upon the specific type of hanger; prices range from approximately \$30 to \$60 per 1,000 SWG hangers.²⁷

Conclusion: Although there may be some differences in terms of specific uses and physical characteristics among the various SWG hangers, all SWG hangers otherwise share the same general physical characteristics and uses and are generally sold through the same channels of distribution, *i.e.*, to dry cleaners or industrial laundries, frequently through distributors. They are all made from the same raw materials using the same production processes and equipment for all but the final finishing step and are priced along a continuum. There are some limitations in interchangeability among various types of SWG hangers, but as the Commission has indicated in other investigations where the domestic like product and the scope encompassed a variety of types of products, some lack of interchangeability among the types of products comprising a continuum is expected.²⁸

Based on the record in the final phase of this investigation, we find a range of hanger products that have similar uses and characteristics, are produced on the same equipment by the same employees, and are sold through similar channels of distribution at comparable prices. We therefore define a single domestic like product comprised of all the various types of SWG hangers, co-extensive with the scope of the investigation.

As noted above, importer Willert argues that the Commission should find that type-2 VDG hangers are a separate domestic like product. Type-2 VDG hangers are included in the scope of this

²¹ Willert’s Posthearing Br. at 20.

²² CR at I-8 to I-10; PR at I-6 to I-7; CR/PR at Table III-5

²³ CR at I-9 to I-10; PR at I-7.

²⁴ CR/PR at Table II-1. This shift in sales, however, reflected a rapid and substantial loss of distributor customers, rather than an increase in end user customers. CR/PR at II-1.

²⁵ CR at I-10 to I-12; PR at I-8 to I-9; CR/PR at Fig I-2.

²⁶ CR/PR at I-7; see also, M&B’s Prehearing Br. at 6.

²⁷ CR/PR at Tables III-5; V-1 through V-8; and D-17 through D-24.

²⁸ See, e.g., Carbon and Certain Alloy Steel Wire Rod from China, Germany, and Turkey, Invs. Nos. 731-TA-1099 & 1101 (Prelim.), USITC Pub. 3832 at 10 (Jan. 2006); Outboard Engines from Japan, Inv. No. 731-TA-1069 (Prelim.), USITC Pub. 3673 at 7-8 (Mar. 2004).

investigation.²⁹ The record in this final phase investigation, however, indicates that type-2 VDG hangers are not currently produced in the United States.³⁰ The Commission previously has rejected the notion that a domestic like product can be defined as a product not produced by the domestic industry.³¹

Because type-2 VDG hangers are not domestically produced and therefore cannot be defined as a separate domestic like product, the issue then becomes what product is “most similar in characteristics and uses with the article subject to an investigation.”³² Willert argued for the first time in its posthearing brief that the products most similar in characteristics and uses with type-2 VDG hangers are “plastic, wooden, or crystal acrylic type” hangers.³³ Information on Willert’s proposed alternative domestic like product – plastic, wooden, and crystal acrylic type hangers – is extremely limited because Willert did not raise this issue until its posthearing brief. Commission rules provide that, as a general matter, arguments that would require data collection, in particular data corresponding to a newly proposed domestic like product, should be made during the preliminary phase of the investigation, or at least no later than the written comments on draft questionnaires for the final phase of the investigation.³⁴ In any event, the evidence on the record, although limited, appears to weigh against Willert’s argument.³⁵ Therefore, in light of the late timing of Willert’s argument and the evidence in the record in this final phase of the investigation, we find that the product most similar in characteristics and uses to type-2 VDG hangers consists of all domestically produced SWG hangers.

²⁹ CR at I-18; PR at I-14.

³⁰ CR at I-18; PR at I-14.

³¹ See, e.g., Extruded Rubber Thread from Malaysia, Inv. No. 753-TA-34, USITC Pub. 3112 at 5 (June 1998) (Since domestic production of food-grade ERT product “d[id] not exist in any practical sense,” the Commission concluded it could not be considered a domestic like product); Professional Electric Cutting and Sanding/Grinding Tools from Japan, Inv. No. 731-TA-571 (Preliminary), USITC Pub. 2536 at 17 (July 1992) (“The Commission has rejected ‘the notion that a like product could be defined as a product not produced by a U.S. industry.’ Such proposals ignore our obligation under the statute to determine which U.S.-made products are like or most similar to the imports under investigation”).

³² 19 U.S.C. § 1677(10).

³³ See e.g., Willert Posthearing Br. at 20.

³⁴ See Notice of Final Rulemaking, 61 Fed. Reg. 37818, 37826 (July 22, 1996) (explaining the promulgation of rule 207.20(b)) (“It is often impracticable to satisfy new data collection requests made during the later stages of a final phase investigation, given the need to collect, verify, and analyze data, release data under APO, and receive comments from the parties concerning data before the record closes.”)

³⁵ Type-2 VDG hangers and SWG hangers are both made from the same material (i.e., steel wire) using the same production processes. CR at I-8 to I-10; PR at I-8 to I-9. Moreover, SWG hangers may be coated with latex or epoxy, or galvanized or painted, indicating that vinyl coating is less distinctive than Willert suggests. CR at I-7 to I-10; PR at I-7 to I-9. While type-2 VDG hangers can be more expensive than SWG hangers, in 2007 the unit value for type-2 VDG hangers was closer to that of SWG hangers than it was to plastic hangers (the only nonsubject import from China for which the record provides evidence). CR at IV-9 n.8; PR at IV-8 n.8; CR/PR at Table III-5. Type-2 VDG hangers are commonly sold to retail customers, however, the record also indicates that dry cleaners purchase SWG hangers with plastic coating. CR at I-19 to I-20; PR at I-14 to I-15. The record in this final phase of the investigation is unclear with respect to similarities or differences in customer and producer perceptions between type-2 VDG hangers and other forms of SWG hangers. On balance, the evidence in the record suggests that type-2 VDG hangers are more like SWG hangers than they are like wooden, crystal, or plastic hangers.

D. Domestic Industry and Related Parties

1. Domestic Industry

The domestic industry is defined as the domestic “producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”³⁶ In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market. Based on our finding that the domestic like product is all SWG hangers, we find a single domestic industry consisting of all domestic producers of SWG hangers.

2. Related Parties

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 19 U.S.C. § 1677(4)(B). Subsection 1677(4)(B) allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.³⁷ Exclusion of such a producer is within the Commission’s discretion based upon the facts presented in each investigation.³⁸

In the preliminary phase of this investigation, three domestic producers of SWG hangers – M&B, Laidlaw, and United Wire – met the definition of a related party on the basis of their imports of subject merchandise. The Commission found that appropriate circumstances existed to exclude Laidlaw but not to exclude M&B and United Wire from the domestic industry under the related parties provision of the statute.³⁹

³⁶ 19 U.S.C. § 1677(4)(A).

³⁷ 19 U.S.C. § 1677(4)(B).

³⁸ The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party are as follows: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e.*, whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market, and (3) the position of the related producer vis-a-vis the rest of the industry, *i.e.*, whether inclusion or exclusion of the related party will skew the data for the rest of the industry. *See, e.g., Torrington Co. v. United States*, 790 F. Supp. 1161 (Ct. Int’l Trade 1992), *aff’d without opinion*, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interest of the related producer lies in domestic production or importation. These latter two considerations were cited as appropriate factors in *Allied Mineral Products, Inc. v. United States*, —F. Supp. 2d—, Slip Op. 04-139 (Ct. Int’l Trade November 12, 2004) at 5-6 (“The most significant factor considered by the Commission in making the ‘appropriate circumstances’ determination is whether the domestic producer accrued a substantial benefit from its importation of the subject merchandise.”); *USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 12 (Ct. Int’l Trade 2001) (“the provision’s purpose is to exclude from the industry headcount domestic producers substantially benefitting from their relationships with foreign exporters.”), *aff’d*, Slip Op. 01-1421 (Fed. Cir. April 22, 2002); S. Rep. No. 249, 96th Cong. 1st Sess. at 83 (1979) (“where a U.S. producer is related to a foreign exporter and the foreign exporter directs his exports to the United States so as not to compete with his related U.S. producer, this should be a case where the ITC would not consider the related U.S. producer to be a part of the domestic industry”).

³⁹ In the preliminary determination, the Commission found that appropriate circumstances did not exist to exclude M&B and United Wire as related parties because they were focused on domestic production for most of the
(continued...)

Information available in this final phase of the investigation shows that *** domestic producers imported SWG hangers from China during the period of investigation: M&B, United Wire, Laidlaw, ***.⁴⁰ Thus, they qualify as “related parties” under 19 U.S.C. § 1677(4)(B), and, therefore, the Commission must consider whether “appropriate circumstances” exist to exclude any of them from the domestic industry.

We determine that appropriate circumstances exist to exclude two U.S. producers – Laidlaw and United Wire – from the domestic industry.⁴¹ As discussed below, both of these firms ceased domestic production of SWG hangers in the latter half of the investigation period and became *** importers of *** and increasing volumes of subject merchandise, indicating that, by the end of the period, their primary interest had shifted from domestic production to importation. Moreover, the evidence indicates that Laidlaw and United Wire benefitted from the importation of subject merchandise.

³⁹ (...continued)

period and their financial data did not reveal any clear benefit from imports. USITC Pub. 3951 at 12-15. The Commission found that appropriate circumstances existed to exclude Laidlaw as a related party on the grounds that “Laidlaw has long had a business strategy of supplying its customers progressively less through U.S. production and increasingly through importation, and its interest changed during the period of investigation to that of an importer rather than a U.S. producer.” *Id.* at 15. Commissioners Williamson and Pinkert dissented and found appropriate circumstances did not exist to exclude any domestic producers from the domestic industry. They emphasized that both United Wire and Laidlaw were significant producers of the domestic like product during the period of investigation and concluded, given the facts on the record, that excluding them would mask the effects of the subject imports on the domestic industry as a whole. *Id.* at 13 n. 46. They also noted that United Wire and Laidlaw shared the declining performance of the rest of the industry over the period of investigation with respect to production, capacity utilization, and other indicators of the industry’s condition. *Id.*

⁴⁰ CR/PR at Table III-6.

⁴¹ Commissioners Williamson and Pinkert do not join in the Commission majority’s analysis regarding Laidlaw and United Wire. Under the circumstances of this investigation, in which both United Wire and Laidlaw have already left the domestic industry, they conclude it would not be appropriate to exclude either company for purposes of assessing the impact of subject imports on the industry over the period of investigation. Both companies were significant producers of the domestic like product during the period of investigation, together accounting for *** percent of domestic production in 2005. CR/PR at Table III-3. Each company’s domestic production *** decreased during the period of investigation, as imports from China increased significantly, until both discontinued domestic production and became *** importers of subject imports by the end of the period. *Id.* Excluding companies that exited the industry during the period of investigation, probably because of imports, would distort the data examined by the Commission for the period prior to their discontinuing production and mask the effects of the subject imports on the domestic industry as a whole.

Just as importantly, Laidlaw and United Wire shared the declining performance of the rest of the industry over the period of review with respect to production, capacity utilization, and other indicators of the industry’s condition. Thus, it appears that they were not shielded from the adverse impact of the subject imports, but were affected by imports in the same manner as the domestic industry as a whole, and their decision to shift to importation largely resulted from the impact of the rapidly increasing imports. *Id.* at Table III-6 (footnotes excerpting statements at the staff conference and in domestic producers’ questionnaire responses). Under these circumstances, neither the degree to which Laidlaw and United Wire shifted to importation during the period of investigation, nor any benefit that they enjoyed as a consequence of such importation, justifies excluding them from the domestic industry. Commissioners Williamson and Pinkert note that, although the data for the industry they have defined differ from those for the industry as defined by the Commission majority, the material injury analysis is very similar to the majority’s and they join the remainder of the majority’s views except where otherwise noted.

a. Parties' Arguments

Petitioner M&B argues that no domestic producers should be excluded from the definition of the domestic industry.⁴² It argues that the Commission's decision in the preliminary determination not to exclude M&B and United Wire remains fully supported by the record in this final phase of the investigation.⁴³

M&B urges the Commission to reexamine its decision to exclude Laidlaw in light of recent developments. While acknowledging that Laidlaw ceased domestic production in January 2007 when it closed its last U.S. facility, M&B emphasizes that Laidlaw announced in May 2008 that it is partnering with Shanti to recommence domestic production of SWG hangers.⁴⁴ M&B argues that “[g]iven that Laidlaw was a significant domestic producer over the POI and is actively promoting its renewed domestic production, the Commission should find that appropriate circumstances do not exist to exclude Laidlaw from the domestic industry in the final investigation.”⁴⁵

Respondents argue that appropriate circumstances exist to exclude Laidlaw and United Wire from the domestic industry.⁴⁶ They claim that Laidlaw's interests are as an importer, not as a domestic producer, especially because Laidlaw closed its domestic production operations in January 2007 and was entirely an importer of subject merchandise in 2008.⁴⁷ They also note that, in 2002, Laidlaw opposed relief for the domestic industry in the earlier section 421 investigation.⁴⁸ They also claim that Laidlaw experienced much higher profits as an importer than as a producer and argue that this is further evidence that Laidlaw's interests do not rest with the domestic industry.⁴⁹

Respondents contend that United Wire is situated very similarly to Laidlaw. They claim that “[b]ased on its distribution of its imports from China versus domestic production, there is little doubt that throughout the period of investigation, and particularly from 2006 forward, United Wire had shifted its focus to being allied with importation, not with domestic production.”⁵⁰ They note that, by 2007 and into 2008, when its U.S. production operations were shut down, United Wire was almost exclusively an importer of subject imports from China.⁵¹ They also claim that United Wire experienced much higher profits as an importer than as a producer and argue that this is further evidence that United Wire's interests do not rest with the domestic industry.⁵²

⁴² M&B's Prehearing Br. at 8-13.

⁴³ M&B's Prehearing Br. at 10.

⁴⁴ M&B's Prehearing Br. at 13.

⁴⁵ M&B's Prehearing Br. at 13.

⁴⁶ Laidlaw and United Wire's Prehearing Br. at 13.

⁴⁷ Laidlaw and United Wire's Prehearing Br. at 13.

⁴⁸ Laidlaw and United Wire's Prehearing Br. at 13.

⁴⁹ Laidlaw and United Wire's Prehearing Br. at 13.

⁵⁰ Laidlaw and United Wire's Prehearing Br. at 11.

⁵¹ Laidlaw and United Wire's Prehearing Br. at 11.

⁵² Laidlaw and United Wire's Prehearing Br. at 12.

b. Analysis⁵³

Laidlaw. Laidlaw is a respondent in this investigation, and opposes the petition.⁵⁴ While Laidlaw was the *** U.S. producer of SWG hangers in 2005 and still accounted for over *** of domestic production in 2006, it ceased domestic production in 2007.⁵⁵ During the period of investigation, Laidlaw's imports of SWG hangers consisted *** of subject merchandise.⁵⁶ Laidlaw increased its importation of subject hangers in each full year of the period of investigation and accounted for more than *** of total imports of SWG hangers from China in 2007.⁵⁷ In fact, over the entire period of investigation, Laidlaw imported *** SWG hangers from China than it produced.⁵⁸ Its ratio of subject imports to domestic production increased *** from *** percent in 2005 to *** percent in 2006, and *** to *** percent in 2007, a figure that also serves to highlight the end of Laidlaw's domestic production operations in ***.⁵⁹

Laidlaw testified that its business strategy is to source hangers in low-cost locations, and the record indicates ***.⁶⁰ Throughout the period of investigation, Laidlaw closed its domestic production facilities in favor of importation – it closed its Kingman, AZ facility in 2005 and in 2006 it closed its Ontario and Illinois facilities and sold its Wisconsin facility.⁶¹ Laidlaw closed its last U.S. production facility in January 2007, and is now *** an importer of SWG hangers from China.⁶² Laidlaw focused on importation of subject merchandise years before the beginning of the period of investigation.⁶³ In the section 421 investigation in 2002-03, Laidlaw opposed relief even though at that time it was one of the largest domestic producers, indicating that its interest was shifting toward importation even then.^{64 65 66}

⁵³ As noted above, Commissioners Williamson and Pinkert do not join this analysis regarding Laidlaw and United Wire. They do, however, join footnote 80 with respect to the treatment of other related parties.

⁵⁴ CR/PR at Table III-1.

⁵⁵ CR/PR at Table III-3

⁵⁶ CR/PR at Table III-6.

⁵⁷ Laidlaw's subject imports from China increased from *** hangers in 2005 to *** hangers in 2006, and then to *** hangers in 2007. Laidlaw's subject imports from China were *** hangers in interim 2008 compared with *** hangers in interim 2007. CR/PR at Table III-6.

⁵⁸ CR/PR at III-12.

⁵⁹ Laidlaw's ratio of subject imports to domestic production was *** percent in interim 2007. CR/PR at Table III-6.

⁶⁰ CR/PR at Table VI-3.

⁶¹ CR/PR at Table III-2.

⁶² CR/PR at Tables III-2 & III-6.

⁶³ USITC Pub. 3575 at 18, 21 n.117.

⁶⁴ USITC Pub. 3575 at 27-28.

⁶⁵ Laidlaw's opposition to relief in the section 421 investigation was based in part on its business strategy, which at the time was one of supplying the market through a combination of domestic production and importation. Indeed, the President denied relief to the industry in the section 421 investigation in part because Laidlaw's strategy was "based in part on distribution of imported hangers." Presidential Determination on Wire Hanger Imports from the People's Republic of China, 68 Fed Reg. 23019 (Apr. 29, 2003).

⁶⁶ In support of its argument that the Commission should not find that appropriate circumstances exist to exclude Laidlaw from the domestic industry, M&B claims that Laidlaw has "returned to the fold" as a domestic producer since it announced in May 2008 that it is partnering with Shanti Industries, Inc. to recommence production of SWG hangers. M&B's Prehearing Br. at 13. We note, however, that this is a post-petition development, and therefore we give it less weight. Moreover, there is no evidence that Laidlaw is recommencing domestic production. Rather, ***.

Laidlaw experienced *** on its domestic production operations during those portions of the period of investigation for which we have data,⁶⁷ and its financial performance was *** the industry average. However, Laidlaw's financial performance with regard to its overall operations (including sales of imports) was *** than that of its domestic-only operations during the comparable periods, indicating that Laidlaw benefitted financially from its imports of the subject product.^{68 69 70}

Because Laidlaw has long had a business strategy of supplying its customers progressively less through U.S. production and increasingly through importation, Laidlaw's financial data indicate that it benefitted financially from its importation of the subject product, and Laidlaw's interest changed during the period of investigation to that of an importer rather than a U.S. producer, we find it appropriate to exclude Laidlaw from the domestic industry as a related party.

United Wire. United Wire is a respondent in this investigation and opposes the petition.⁷¹ United Wire was a significant producer of SWG hangers only in the early part of the period of investigation, *i.e.*, in 2005 and 2006, and its direct imports and purchases of imports during each year of the period consisted *** of subject merchandise.⁷² United Wire ceased production of SWG hangers in June 2006, and its imports of subject merchandise *** its domestic production in that year.⁷³ United Wire's imports of subject merchandise from China increased from ***⁷⁴ as its domestic production *** decreased and eventually ceased.⁷⁵ United Wire was *** of subject merchandise in 2007 and in interim 2008.⁷⁶ Consequently, its ratio of subject imports to domestic production increased *** during the period examined.⁷⁷ Its *** declines in domestic production and *** increases in subject imports, both in absolute terms and as a share of its U.S. production, indicate that its primary interests increasingly shifted to importation from domestic production during the period of investigation.

⁶⁷ CR/PR at Table VI-3.

⁶⁸ In the final phase of this investigation, four U.S. producers *** provided financial data on their operations that included both their U.S. production and their direct imports and/or purchases of imported subject SWG hangers from China ("consolidated" data). These data are useful in considering the extent to which any related parties are benefitting from conducting their operations through a combination of subject imports and domestic production, so as to be shielded from any injurious effects of the subject imports.

⁶⁹ CR/PR at Tables VI-3 & VI-4.

⁷⁰ Consistent with her practice in past investigations and reviews, Chairman Aranoff does not rely on individual-company operating income margins, which reflect a domestic producer's financial operations related to production of the like product, in assessing whether a related party has benefitted from importation of subject merchandise. Rather, she determines whether to exclude a related party based principally on its ratio of subject imports to domestic production and whether its primary interests lie in domestic production or importation. In this investigation, however, she finds that the financial data for the consolidated operations of Laidlaw and United Wire demonstrate that these producers have benefitted from their importation and provide additional support for excluding them from the domestic industry.

⁷¹ CR/PR at Table III-1. As noted above, United Wire was one of the petitioners in the Section 421 investigation in 2002, which was well before the current period of investigation.

⁷² CR/PR at Table III-6.

⁷³ CR/PR at Table III-6.

⁷⁴ United Wire imported *** SWG hangers from China in 2005, *** SWG hangers in 2006, and *** SWG hangers in 2007. CR/PR at Table III-6.

⁷⁵ United Wire's domestic production declined from *** SWG hangers in 2005 to *** SWG hangers in 2006. United Wire's domestic production was *** in 2007 and *** in interim 2008. CR/PR at Table III-6.

⁷⁶ CR/PR at Table III-6.

⁷⁷ United Wire's ratio of imports to domestic production increased from *** percent in 2005 to *** percent in 2006. CR/PR at Table III-6.

With respect to its domestic operations (*i.e.*, not including its sales of imported product), United Wire experienced *** during the entire investigation period.⁷⁸ However, United Wire's consolidated financial performance (including its sales of imports) reflected *** than its domestic operations during 2006, when it ceased domestic production operations. Moreover, United Wire had *** operating income margins while it was producing the like product domestically. Only when United Wire ceased all domestic production and became *** of subject merchandise did it ***, indicating that United Wire benefitted financially from its imports of the subject product.⁷⁹

Because United Wire has supplied its customers progressively less through U.S. production and increasingly through importation, its financial data indicate that it benefitted financially from its importation of the subject product, and its interest changed during the period of investigation to that of an importer rather than a U.S. producer, we find that appropriate circumstances exist to exclude United Wire from the domestic industry as a related party.⁸⁰

⁷⁸ CR/PR at Table VI-3.

⁷⁹ CR/PR at Tables VI-3 & VI-4.

⁸⁰ M&B, *** also imported *** quantities of subject merchandise during the period and thus qualify as related parties. No party, however, has argued for their exclusion. Moreover, given the small ratio of imports to domestic production during the investigation period for each of the firms, we find that, on balance, appropriate circumstances do not exist to exclude M&B, *** from the domestic industry. In addition, with regard to ***, (1) it ceased its domestic production operations only in 2007, (2) its production of the domestic like product *** its imports of subject merchandise during the period of investigation, and (3) the Commission lacks sufficient information to assess properly *** financial performance during the investigation period. CR/PR at Table III-6.

III. MATERIAL INJURY BY REASON OF SUBJECT IMPORTS⁸¹

In the final phase of antidumping or countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured by reason of the imports under investigation.⁸² In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.⁸³ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁸⁴ In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.⁸⁵ No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁸⁶

A. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is material injury by reason of subject imports. Given the wide variety of customers, we find that, unlike some other industries, the SWG hangers market is not characterized by a regular and measurable business cycle.

1. Demand Considerations

SWG hangers are used primarily by the dry cleaning, industrial laundry, textile, and uniform rental industries.⁸⁷ Market participants offered differing views on demand trends in the U.S. market, with U.S. producers more likely to characterize demand as unchanged or declining, while U.S. importers were more likely to characterize demand as unchanged or increasing. U.S. purchasers were similarly divided in their characterization of demand in the U.S. market.⁸⁸ Apparent U.S. consumption was moderately higher at the end of the investigation period than at the beginning of the period,⁸⁹ although the closure of a major U.S. producer (rendering its shipment volumes unavailable) and the very rapid growth in inventories of hangers held by U.S. importers (primarily of Chinese origin) contributed significantly to the apparent

⁸¹ Negligibility is not an issue in this investigation under 19 U.S.C. § 1677(24). The petition was filed on July 31, 2007. Subject imports from China were well above three percent of total imports for the most recent 12-month period preceding the filing of the petition, which is July 2006 through June 2007. Specifically, subject imports from China accounted for 87.7 percent of total imports of the merchandise in that period. CR/PR at IV-7.

⁸² 19 U.S.C. §§ 1671d(a) and 1673d(a).

⁸³ 19 U.S.C. § 1677(7)(B)(i). The Commission “may consider such other economic factors as are relevant to the determination” but shall “identify each [such] factor . . . [a]nd explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B). See also Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

⁸⁴ 19 U.S.C. § 1677(7)(A).

⁸⁵ 19 U.S.C. § 1677(7)(C)(iii).

⁸⁶ 19 U.S.C. § 1677(7)(C)(iii).

⁸⁷ See, e.g., CR at I-8 & II-6; PR at I-7 & II-4.

⁸⁸ CR at II-7; PR at II-5.

⁸⁹ Apparent U.S. consumption was 2.9 billion SWG hangers in 2005, 2.8 billion SWG hangers in 2006, and 3.3 billion SWG hangers in 2007. Apparent U.S. consumption was *** SWG hangers in interim 2008 compared with 778.9 million SWG hangers in interim 2007. CR/PR at Table IV-9.

increase.⁹⁰ SWG hangers generally account for between 1 percent and 2 percent of the total cost of the end use products to which they are applied.⁹¹ Thus, the record in this final phase of the investigation suggests that overall demand for dry cleaning services is not significantly affected by the prices of SWG hangers.⁹²

2. Supply Considerations

There are three primary sources of supply of SWG hangers in the U.S. market: imports of subject merchandise from China, nonsubject imports from Mexico, and domestic shipments.⁹³ In terms of apparent U.S. consumption, the market share of subject imports dramatically increased over the period of investigation,⁹⁴ while nonsubject imports held a relatively steady share of the market.⁹⁵ Domestic producers' shipments and market share both declined.^{96 97}

⁹⁰ CR at II-7 n.6; PR at II-5 n.6; CR at IV-14 n.10; PR at IV-11 n.10.

⁹¹ See e.g., Hearing Tr. at 224; CR at II-6 & II-9; PR at II-4 & II-7.

⁹² Numerous representatives of dry cleaners associations and proprietors of dry cleaning businesses testified at the hearing regarding the effect that the imposition of antidumping duties would have on the business operations of primarily small dry cleaning shops. Hearing Tr. at 173 (Choe), 174 (Lim), 179 (Cho), 182 (Lee), 187 (Vastola). Although we understand the concerns of the dry cleaning business community, it has long been recognized that "the antidumping law is not to be concerned with effects on U.S. purchasers," Mitsubishi Electric Corp. v. United States, 700 F. Supp. 538, 559 (Ct. Int'l Trade 1988), aff'd, 898 F.2d 1577 (Fed. Cir. 1990). See also, USX Corp. v. United States, 682 F. Supp. 60, 67 (Ct. Int'l Trade 1988) ("Congress has made a judgment that causally related injury to the domestic industry may be severe enough to justify relief from less than fair value imports even if from another viewpoint the economy could be said to be better served by providing no relief.") (noting the statute's focus on "injury to industry" not injury to "competition"). In this regard, the Commission has consistently declined to include "downstream" products that are outside the scope in the domestic like product because of the concern that the interests of the producers of those downstream articles are those of consumers, not producers. See e.g., Createine Monohydrate from China, Inv. No. 731-TA-814 (Preliminary), USITC Pub. 3177 (April 1999) at 5 & n. 18; Beryllium Metals and High-Beryllium Alloys from Kazakhstan, Inv. No. 731-TA-746 (Preliminary), USITC Pub. 2959 (May 1996) at 8, n.39. Further, in rejecting arguments that the Commission should, in making its determinations under the antidumping or countervailing duty laws, assess the effect of subject imports on downstream operations or industries, the Commission has emphasized that the statute directs the Commission to make its determinations based on the effects of subject imports only on the industry producing the domestic like product. See Certain Colored Synthetic Organic Oleoresinous Pigment Dispersions From India, Inv. Nos. 701-TA-436 (Preliminary) and 731-TA-1042 (Preliminary), USITC Pub. 3615 (July 2003) at 15-16 (rejecting petitioner's "make or buy" argument).

⁹³ CR/PR at Tables IV-3 & IV-9.

⁹⁴ Subject imports increased their share of the U.S. market from 36.0 percent in 2005 to 63.2 percent in 2006 and 80.9 percent in 2007. Subject imports were *** percent in interim 2008 compared with 76.2 percent in interim 2007. CR/PR at Table IV-9.

⁹⁵ See CR/PR at Table IV-9; CR/PR at Fig. IV-3. Nonsubject imports accounted for 10.9 percent of the U.S. market in 2005, 11.1 percent in 2006, and 10.4 percent in 2007. They were *** percent of the U.S. market in interim 2008 compared with 12.1 percent in interim 2007. CR/PR at Table IV-9.

⁹⁶ See CR/PR at Tables IV-8 & IV-9.

⁹⁷ Vice Chairman Pearson and Commissioner Okun note that respondents argue that nonsubject imports from Mexico are a significant factor in the U.S. market. Laidlaw and United Wire's Posthearing Br. at 4. Nonsubject imports as a share of total imports by quantity declined steadily from 23.2 percent in 2005 to 14.9 percent in 2006, and fell to 11.4 percent in 2007. By quantity, nonsubject imports as a share of total imports were 14.0 percent in interim 2008 compared with 13.7 percent in interim 2007. CR/PR at Table IV-2. By comparison, subject imports
(continued...)

Over the period examined, U.S. importers and producers reported selling most of their product to distributors of SWG hangers. Sales to distributors, however, decreased substantially from 2005 to 2007, when U.S. producers reported selling 77.6 percent of their product to end users and only 22.4 percent to distributors.⁹⁸

The period of investigation was marked by plant closures and the shuttering of much of the domestic industry's capacity as subject imports increased.⁹⁹ As a result of these closings and the resulting layoffs, domestic production declined *** from *** SWG hangers in 2005 to *** hangers in 2007.^{100 101} Combined with *** increases in production capacity during the period of investigation, U.S. producers' capacity utilization fell from *** percent in 2005 to *** percent in 2007.^{102 103 104}

⁹⁷(...continued)

increased steadily from 76.8 percent of total imports (on a quantity basis) in 2005 to 85.1 percent in 2006 to 88.6 percent in 2007. By quantity, subject imports as a share of total imports were 86.0 percent in interim 2008 compared with 86.3 percent in interim 2007. CR/PR at Table IV-2. Nonsubject imports accounted for 10.9 percent of the U.S. market in 2005, 11.1 percent in 2006, and 10.4 percent in 2007. They were *** percent of the U.S. market in interim 2008 compared with 12.1 percent in interim 2007. CR/PR at Table IV-9. Imports from Mexico dominate nonsubject imports. CR/PR at Figure VII-1. While a 10.4 percent share of the U.S. market may be considered a significant factor in other cases, in the present investigation, the largest supplier of SWG hangers from Mexico is affiliated with U.S. producer and petitioner M&B and M&B is responsible for almost *** percent of imports from Mexico in 2007. CR at VII-12; PR at VII-10. These trends and this relationship indicate that nonsubject imports of SWG hangers have not been a significant factor in the U.S. market.

⁹⁸ CR/PR at Table II-1.

⁹⁹ CR/PR at Table III-2.

¹⁰⁰ CR/PR at Table C-4.

¹⁰¹ For the domestic industry as defined by Commissioners Williamson and Pinkert, U.S. production of SWG hangers fell from 1.51 billion SWG hangers in 2005 to 271.2 million SWG hangers in 2007. CR/PR at Table C-1.

¹⁰² CR/PR at Table C-4.

¹⁰³ For the domestic industry as defined by Commissioners Williamson and Pinkert, U.S. producers' capacity utilization fell from 68.9 percent in 2005 to 25.7 percent in 2007. CR/PR at Table C-1.

¹⁰⁴ Respondents Laidlaw and United Wire argue that "supply conditions are such that the domestic industry lacks the production capacity to satisfy U.S. demand for SWG hangers." Laidlaw and United Wire Prehearing Br. at 14-15. The Commission has noted, however, that "there is no short supply provision in the statute" and "the fact that the domestic industry may not be able to supply all of demand does not mean the industry may not be materially injured or threatened with material injury by reason of subject imports." Softwood Lumber from Canada, Inv. Nos. 701-TA-414 and 731-TA-928 (Article 1904 NAFTA Remand) at 108, n. 310 (December 2003). See also, Electrolytic Manganese Dioxide from China and Australia, Inv. Nos. 731-TA-1124-25 (Preliminary), USITC Pub. 3955 (October 2007) at 18, n. 122; Certain Lined Paper School Supplies from China, India, and Indonesia, Invs. Nos. 701-TA-442-443 and 731-TA-10995-1097 (Final), USITC Pub. 3884 (September 2006) at 25, n. 192, and at 58, n.49; Certain Activated Carbon from China, Inv. No. 731-TA-1103 (Preliminary), USITC Pub. 3852 (May 2006) at 19, n. 134; Metal Calendar Slides from Japan, Inv. No. 731-TA-1094 (Preliminary), USITC Pub. 3792 (August 2005) at 9, n. 45 ("To the extent that Respondents claim that the Commission is legally unable to make an affirmative finding of material injury by reason of subject imports because the domestic industry is incapable of supplying domestic demand, they are incorrect.").

3. Substitutability and Other Conditions

In this final phase investigation, Respondents did not contest Petitioner M&B's claim that there is a high degree of substitutability between domestically produced SWG hangers and subject imports.¹⁰⁵ The majority of responding U.S. producers, importers, and purchasers reported that the U.S. product, the subject imports, and nonsubject imports are frequently or always interchangeable.¹⁰⁶ The record also reflects that price is the largest single factor affecting purchasing decisions.¹⁰⁷ Accordingly, the record in this final phase of the investigation indicates that there is a high degree of substitutability between domestically produced SWG hangers and the subject merchandise.¹⁰⁸

With respect to distribution channels, in 2005, both U.S. producers and importers sold the majority of their SWG hangers to distributors, who in turn sold the product to end users.¹⁰⁹ The domestic producers' share of direct sales to end users increased over the period of investigation, however, and by the last full year of the period more than three-quarters of their sales were directly to end users.¹¹⁰

Finally, the record also reflects that, during the period of review, the domestic industry confronted rising raw material and transportation (freight) costs.¹¹¹

B. Volume of the Subject Imports

Section 771(7)(C) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."¹¹²

We find that the volume of subject imports is significant and increased significantly from 2005 to 2007, both in absolute terms and relative to consumption and production in the United States. The volume of subject imports measured by quantity increased from 1.0 billion SWG hangers in 2005 to 1.8 billion SWG hangers in 2006 and 2.7 billion SWG hangers in 2007.^{113 114} By quantity, the market share of subject imports increased from 36.0 percent in 2005 to 63.2 percent in 2006 and 80.9 percent in 2007.¹¹⁵ By value, the market share of subject imports increased from 33.0 percent in 2005 to 57.7

¹⁰⁵ M&B's Prehearing Br. at 21-23.

¹⁰⁶ CR/PR at Table II-6.

¹⁰⁷ CR/PR at Table II-3.

¹⁰⁸ CR at II-9; PR at II-7.

¹⁰⁹ CR/PR at II-1.

¹¹⁰ CR/PR at Table II-1.

¹¹¹ CR at V-5; PR at V-4.

¹¹² 19 U.S.C. § 1677(7)(C)(i).

¹¹³ CR/PR at Table IV-2. The volume of subject imports measured by quantity was 626.4 million SWG hangers in interim 2008 compared with 593.4 million SWG hangers in interim 2007. Id.

¹¹⁴ Subject imports measured by value increased from \$39.4 million in 2005 to \$56.3 million in 2006 and then to \$83.6 million in 2007. Subject imports measured by value were \$22.7 million in interim 2008 compared with \$17.3 million in interim 2007. CR/PR at Table IV-2.

¹¹⁵ The market share of subject imports by quantity was *** percent in interim 2008 compared with 76.2 percent in interim 2007. CR/PR at Table IV-9.

percent in 2006 and 77.6 percent in 2007.¹¹⁶ The ratio of subject imports to U.S. production increased from 69.3 percent in 2005 to 260.7 percent in 2006 and 994.5 percent in 2007.¹¹⁷

Although U.S. apparent consumption increased during the period examined,¹¹⁸ subject imports made significant gains in market share over the period, far outstripping any increase in domestic consumption.¹¹⁹ By quantity, the increase in subject imports' share of the U.S. market by quantity from 36.0 percent in 2005 to 80.9 percent in 2007 was accompanied by a decline in domestic producers' market share from *** percent in 2005 to *** percent in 2007.^{120 121} By value, the increase in subject imports' share of the U.S. market from 33.0 percent in 2005 to 77.6 percent in 2007 was accompanied by a steady decline in domestic producers' market share from *** percent in 2005 to *** percent in 2007.¹²² ¹²³ The level of nonsubject imports, both in absolute terms and relative to U.S. consumption, also declined from 2005 to 2007.¹²⁴ Thus, subject imports gained market share at the direct expense of the domestic industry as the U.S. industry's share of the market plummeted during the period examined.¹²⁵

For the foregoing reasons, we find that the volume and the increase in volume of subject imports are significant, both in absolute terms and relative to consumption and production in the United States.

¹¹⁶ The market share of subject imports by value was *** percent in interim 2008 compared with 71.7 percent in interim 2007. CR/PR at Table IV-9.

¹¹⁷ CR/PR at Table IV-10. The ratio of subject imports to U.S. production was *** percent in interim 2008 compared with 762.3 percent in interim 2007. CR/PR at Table IV-10.

¹¹⁸ CR/PR at Table C-4.

¹¹⁹ CR/PR at Table IV-9. As noted above, apparent U.S. consumption was moderately higher at the end of the investigation period than at the beginning of the period, although the closure of a major U.S. producer (rendering its shipment volumes unavailable) and the very rapid growth in inventories held by U.S. importers (primarily Chinese hangers) contributed significantly to the apparent increase. CR at II-7 n.6 & IV-14 n.10; PR at II-5 n.6 & IV-11 n.10.

¹²⁰ By quantity, the U.S. producers' market share dropped from *** percent in 2005 to *** percent in 2006, and then to *** percent in 2007. By quantity, U.S. producers' market share was *** percent in interim 2008 compared with *** percent in interim 2007. CR/PR at Table C-4 (excluding Laidlaw and United Wire). By quantity, the two domestic producers excluded from the definition of the domestic industry (Laidlaw and United Wire) accounted for *** percent of U.S. market share in 2005, *** percent of U.S. market share in 2006, *** percent of U.S. market share in 2007, *** percent of U.S. market share in interim 2007 and *** percent in interim 2008. CR/PR at Table C-4 (excluding Laidlaw and United Wire).

¹²¹ For the domestic industry defined by Commissioners Williamson and Pinkert, U.S. producers' market share (by quantity) fell from 53.1 percent in 2005 to 25.7 percent in 2006 and 8.7 percent in 2007. U.S. producers' market share (by quantity) also dropped from 11.7 percent in interim 2007 to *** percent in interim 2008. CR/PR at Table C-1.

¹²² By value, the U.S. producers' market share dropped from *** percent in 2005 to *** percent in 2006, and then to *** percent in 2007. By value, U.S. producers' market share was *** percent in interim 2008 compared with *** percent in interim 2007. By value, the two domestic producers excluded from the definition of the domestic industry (Laidlaw and United Wire) accounted for *** percent of U.S. market share in 2005, *** percent of U.S. market share in 2006, *** percent of U.S. market share in 2007, and *** percent of U.S. market share in interim 2008. CR/PR at Table C-4 (excluding Laidlaw and United Wire).

¹²³ For the domestic industry defined by Commissioners Williamson and Pinkert, U.S. producers' market share (by value) fell from 56.6 percent in 2005 to 31.1 percent in 2006 and 11.5 percent in 2007. U.S. producers' market share (by value) also dropped from 15.3 percent in interim 2007 to *** percent in interim 2008. CR/PR at Table C-1.

¹²⁴ By quantity, the U.S. market share of nonsubject imports declined from 10.9 percent in 2005 to 10.4 percent in 2007. By value, nonsubject imports declined from \$12.2 million in 2005 to \$11.8 million in 2007. CR/PR at Tables IV-2, IV-8, IV-9 and C-4.

¹²⁵ CR/PR at Tables IV-8 & IV-9.

C. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports, the Commission shall consider whether –

(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.¹²⁶

The record reflects some divergence in views by market participants regarding the importance of non-price factors in purchasing decisions.¹²⁷ Nevertheless, as noted above, we find that price is the most important factor affecting purchasing decisions.¹²⁸ Furthermore, as noted above, the record reflects that there is a high degree of substitutability between domestically produced SWG hangers and the subject merchandise.¹²⁹

U.S. producers and importers provided quarterly pricing data for eight types of SWG hangers.¹³⁰ The pricing information shows underselling of domestic hangers by the subject imports in nearly every comparison, and by substantial margins. Subject imports undersold the domestic industry's SWG hangers in 94 of 95 quarterly price comparisons, with margins of underselling ranging from 0.1 percent to 57.7 percent and averaging 30.0 percent.^{131 132} Accordingly, we find that there has been significant price underselling of the domestic like product by subject imports.¹³³

¹²⁶ 19 U.S.C. § 1677(7)(C)(ii).

¹²⁷ CR/PR at Table II-7. Twenty-one out of 39 responding U.S. importers reported that non-price differences were always or frequently a factor when comparing U.S.-produced and Chinese-produced SWG hangers. In contrast, only one out of 6 responding U.S. producers and 5 out of 16 importers reported that non-price differences were always or frequently a factor when comparing U.S.-produced and Chinese-produced SWG hangers. Id.

¹²⁸ CR/PR at Table II-3.

¹²⁹ CR/PR at Table II-6.

¹³⁰ The eight types of SWG hangers for which pricing data were requested were: Product 1 – 18-inch white shirt hangers; Product 2 – 13 gauge/16-inch caped hangers; Product 3 – 13 gauge/16-inch stock print caped hangers; Product 4 – 14½ gauge/16-inch plain caped hangers; Product 5 – 14½ gauge/16-inch stock print caped hangers; Product 6 – 16-inch strut hangers; Product 7 – 13 gauge/16-inch latex hangers; and Product 8 – 13 gauge/16-inch suit hangers. CR at V-4; PR at V-3.

¹³¹ In the single instance of overselling, the margin was 0.5 percent. CR/PR at Tables D-17 to D-24.

¹³² The pricing data for the industry defined by Commissioners Williamson and Pinkert similarly show persistent underselling by subject imports. These data show that subject imports undersold the domestic industry's SWG hangers in 100 of 102 quarterly price comparisons, with margins of underselling ranging from 2.0 percent to 57.7 percent, and with underselling margins averaging 27.2 percent. CR/PR at Tables V-1 to V-8.

¹³³ Laidlaw and United Wire acknowledge that subject imports from China showed “substantial underselling” during the period of investigation, although they attribute such underselling to “the substantial cost advantages of producing overseas.” See e.g., Laidlaw and United Wire Prehearing Br. at 21. The Commission, however, has rejected the argument that it should discount underselling by subject imports because of the lower cost of manufacturing such imports, noting that the statute “requires the Commission to assess whether imports are being sold by importers in the U.S. market at lower prices than the domestic like product, not to compare the cost of production of foreign producers with the cost of production in the United States.” See Certain Polyester Staple Fiber

(continued...)

The available data do not provide persuasive evidence of significant price depressing or suppressing effects by the subject imports.¹³⁴ As the domestic industry saw sales volumes erode for six of the eight pricing products for which information was gathered over the period of investigation, the average selling prices for its remaining sales did not change markedly, although prices for products 3 and 6 declined modestly.¹³⁵ Thus, it does not appear that domestic prices were significantly depressed by the subject imports,¹³⁶ as the domestic industry apparently sacrificed sales volume in order to maintain its prices in the face of underselling by subject imports, particularly among its distributor accounts.

With respect to price suppression, the record indicates that the domestic industry's unit COGS declined overall between 2005 and 2007, and dropped *** again between interim 2007 and interim 2008.¹³⁷ The ratio of COGS to net sales values followed a similar trend and varied from *** percent during the period of investigation.¹³⁸ We conclude that any price suppression by the subject imports was not significant.^{139 140}

Nevertheless, in the face of widespread underselling by the subject imports, the domestic industry sacrificed market share in order to maintain its pricing points, demonstrating that the underselling has contributed to the domestic industry's declining market share as well as declines in other volume-based indicators discussed below. Moreover, responses to the lost sales and lost revenue allegations and responses to other staff questions confirm that in some instances the domestic industry was forced to cede market share in order to compete with low-priced subject imports.¹⁴¹ For the foregoing reasons, we find that there has been significant price underselling by the increasing volumes of subject imports from China that have had significant adverse effects on the domestic industry during the period examined.

¹³³ (...continued)

from China, Inv. No. 731-TA-1104 (Final), USITC Pub. 3922 (June 2007) at 9, n.119.

¹³⁴ CR/PR at Tables D-17 to D-24 & V-1 to V-8.

¹³⁵ CR/PR at Tables D-17 to D-24.

¹³⁶ For the domestic industry as defined by Commissioners Williamson and Pinkert, the domestic industry reported that its sales for products 1, 4, 5, and 8 were made at relatively steady or increasing prices over the period, with prices for products 2, 3, 6, and 7 showing very slight to modest declines. CR/PR at Tables V-1 to V-8. Given these mixed trends in the pricing data, Commissioners Williamson and Pinkert join the majority in finding no significant price depressing effects by reason of subject imports.

¹³⁷ CR/PR at Table C-4.

¹³⁸ CR/PR at Table C-4.

¹³⁹ Petitioner M&B generally alleged that it lost sales, rather than revenue, due to the presence of the subject imports in the U.S. market. See CR at V-19 to V-20; PR at V-14 to V-15. *** alleged lost sales totaling more than \$*** were confirmed. See CR/PR at Tables V-10 & V-11.

¹⁴⁰ Based on the industry defined by Commissioners Williamson and Pinkert, they find evidence, unlike the majority, that subject imports had significant price suppressing effects during the investigation period. The ratio of COGS to net sales value increased over the period of investigation, rising from *** percent in 2005 to *** percent in 2007, indicating that domestic industry prices were not keeping pace with costs. CR/PR at Table C-1. In addition to this finding on price suppression, Commissioners Williamson and Pinkert join the majority in the findings in the last paragraph of this section.

¹⁴¹ See, e.g., CR/PR at Table II-2; CR at V-21 to V-22; PR at V-14 to V-16; CR at II-7 to II-8; PR at II-5 to II-6.

D. Impact of the Subject Imports on the Domestic Industry¹⁴²

Section 771(7)(C)(iii) of the Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, “shall evaluate all relevant economic factors which have a bearing on the state of the industry.”¹⁴³ These factors include output, sales, inventories, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”¹⁴⁴

We have examined the performance indicators in the trade and financial data for the domestic industry producing SWG hangers. These data indicate declining overall trends during the period examined. Although the domestic industry’s capacity slightly increased,¹⁴⁵ ¹⁴⁶ the domestic industry’s

¹⁴² In its final determination, Commerce calculated final weighted average dumping margins ranging from 15.44 percent to 94.06 percent for the named Chinese producers/exporters of SWG hangers and 186.98 for the PRC-wide entity. See e.g., 73 Fed. Reg. 47,587 (Aug. 14, 2008) & CR/PR at Table I-1.

¹⁴³ 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 885 (“In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.”). SAA at 885.

¹⁴⁴ 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851, 885; Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386, 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 25 n.148 (Feb. 1999).

¹⁴⁵ The domestic industry’s production capacity increased throughout the period examined, rising from *** SWG hangers in 2005 to *** SWG hangers in 2006, and then to *** SWG hangers in 2007. The industry’s production capacity was *** in interim 2008 compared with *** in interim 2007. CR/PR at Table C-4.

¹⁴⁶ For the domestic industry as defined by Commissioners Williamson and Pinkert, domestic production capacity declined substantially during the investigation period from 2.2 billion SWG hangers in 2005 to 1.7 billion SWG hangers in 2006 and 1.1 billion hangers in 2007. It increased *** from 260.4 million SWG hangers in interim 2007 to *** SWG hangers in interim 2008. CR/PR at Table C-1.

production,^{147 148} capacity utilization,^{149 150} shipments,^{151 152} and sales revenue^{153 154} all declined *** overall from 2005 to 2007 and remained at near-period lows when the interim periods are compared.

As noted above, during the period examined, increasing volumes of subject imports gained U.S. market share at the expense of the market share held by domestic producers. The increase in subject imports' share of the U.S. market by quantity from 36.0 percent in 2005 to 80.9 percent in 2007 was accompanied by a decline in domestic producers' market share, from *** percent in 2005 to *** in 2007.¹⁵⁵ The increase in subject imports' share of the U.S. market by value from 33.0 percent in 2005 to 77.6 percent in 2007 was accompanied by a steady decline in domestic producers' market share from *** percent in 2005 to *** percent in 2007.¹⁵⁶

¹⁴⁷ Domestic production fell from *** SWG hangers in 2005 to *** SWG hangers in 2006, and then to *** SWG hangers in 2007. We note, however, that domestic production was *** SWG hangers in interim 2008 compared with *** SWG hangers in interim 2007. CR/PR at Table C-4 (excluding Laidlaw and United Wire).

¹⁴⁸ For the domestic industry as defined by Commissioners Williamson and Pinkert, domestic production declined substantially during the investigation period, dropping from 1.5 billion SWG hangers in 2005 to 681.8 million SWG hangers in 2006 and 271.2 million SWG hangers in 2007. It increased *** from 77.9 million SWG hangers in interim 2007 to *** SWG hangers in interim 2008. CR/PR at Table C-1.

¹⁴⁹ The domestic industry's capacity utilization fell from *** percent in 2005 to *** percent in 2006, and then to *** percent in 2007. The domestic industry's capacity utilization was *** percent in interim 2008 compared with *** percent in interim 2007. CR/PR at Table C-4 (excluding Laidlaw and United Wire).

¹⁵⁰ For the domestic industry as defined by Commissioners Williamson and Pinkert, capacity utilization declined from 68.9 percent in 2005 to 41.3 percent in 2006 and 25.7 percent in 2007. It increased *** from 29.9 percent in interim 2007 to *** percent in interim 2008. CR/PR at Table C-1.

¹⁵¹ U.S. shipments fell from *** SWG hangers in 2005 to *** SWG hangers in 2006 and then to *** SWG hangers in 2007. We note, however, that U.S. shipments were *** SWG hangers in interim 2008 compared with *** SWG hangers in interim 2007. CR/PR at Table C-4 (excluding Laidlaw and United Wire).

¹⁵² For the domestic industry as defined by Commissioners Williamson and Pinkert, U.S. shipments fell from 1.5 billion SWG hangers in 2005 to 721.6 million SWG hangers in 2006 and 289.4 million SWG hangers in 2007. They also fell from 90.9 million SWG hangers in interim 2007 to *** SWG hangers in interim 2008. CR/PR at Table C-1.

¹⁵³ U.S. net sales revenue fell from *** in 2005 to *** in 2006 and *** in 2007. U.S. net sales revenue was *** in interim 2008 compared with *** in interim 2007. CR/PR at Table C-4 (excluding Laidlaw and United Wire).

¹⁵⁴ For the domestic industry as defined by Commissioners Williamson and Pinkert, U.S. net sales revenue fell from *** in 2005 to *** in 2006 and *** in 2007. It increased *** from *** in interim 2007 to *** in interim 2008. CR/PR at Table C-1.

¹⁵⁵ CR/PR at Table C-4.

¹⁵⁶ CR/PR at Table C-4.

The average number of production-related workers,^{157 158} hours worked,^{159 160} and wages paid^{161 162} for the industry producing SWG hangers each declined during the period examined. Productivity appears to have increased *** due to the industry's layoffs,^{163 164} but the industry's capital expenditures fell ***.^{165 166}

The domestic industry's financial indicators – operating income, operating margins, and net sales measured by quantity and value – declined irregularly over the period examined. In fact, the domestic industry experienced operating losses for most of the period examined, including ***.^{167 168} The domestic industry's ratio of operating income to net sales followed a similar trend and reflected the industry's

¹⁵⁷ The number of workers employed by the industry fell from *** workers in 2005 to *** workers in 2006, and then to *** workers in 2007. However, the number of workers employed by the industry was *** workers in interim 2008 compared with *** workers in interim 2007. CR/PR at Table C-4 (excluding Laidlaw and United Wire).

¹⁵⁸ For the domestic industry as defined by Commissioners Williamson and Pinkert, the number of workers employed by the industry fell from 451 in 2005 to 234 in 2006 and 139 in 2007. The number of workers employed by the industry also fell from 122 in interim 2007 to *** in interim 2008. CR/PR at Table C-1.

¹⁵⁹ The number of hours worked in the production of SWG hangers fell from *** hours in 2005 to *** hours in 2006, and then to *** hours in 2007. However, the number of hours worked in the production of SWG hangers was *** hours in interim 2008 compared with *** hours in interim 2007. CR/PR at Table C-4 (excluding Laidlaw and United Wire).

¹⁶⁰ For the domestic industry as defined by Commissioners Williamson and Pinkert, the number of hours worked in the production of SWG hangers fell from 987,000 in 2005 to 428,000 in 2006 and 196,000 in 2007. The number of hours worked in the production of SWG hangers also fell from 59,000 in interim 2007 to *** interim 2008. CR/PR at Table C-1.

¹⁶¹ Wages paid by the industry declined from \$*** in 2005 to \$*** in 2006 and *** in 2007. However, wages paid by the industry were \$*** in interim 2008 compared with \$*** in interim 2007. CR/PR at Table C-4 (excluding Laidlaw and United Wire).

¹⁶² For the domestic industry as defined by Commissioners Williamson and Pinkert, wages paid by the industry declined from \$14.0 million in 2005 to \$6.1 million in 2006 and \$2.8 million in 2007. They also fell from \$845,000 in interim 2007 to \$*** interim 2008. CR/PR at Table C-1.

¹⁶³ Productivity increased from *** hangers per hour in 2005 to *** hangers per hour in 2006 and then to *** hangers per hour in 2007. Productivity was *** hangers per hour in interim 2008 compared with *** hangers per hour in interim 2007. CR/PR at Table C-4 (excluding Laidlaw and United Wire).

¹⁶⁴ For the domestic industry as defined by Commissioners Williamson and Pinkert, productivity declined irregularly during the period examined, increasing from 1,529 hangers per hour in 2005 to 1,592 hangers per hour in 2006, and then dropping to 1,382 hangers per hour in 2007. It increased from 1,326 hangers per hour in interim 2007 to *** hangers per hour in interim 2008. CR/PR at Table C-1.

¹⁶⁵ The industry's capital expenditures declined from \$*** in 2005 to \$*** in 2006, and then to *** in 2007. However, the industry's capital expenditures were \$*** in interim 2008 compared with \$*** in interim 2007. CR/PR at Table C-4 (excluding Laidlaw and United Wire).

¹⁶⁶ For the domestic industry as defined by Commissioners Williamson and Pinkert, the industry's capital expenditures increased from \$*** in 2005 to \$*** in 2006, and then fell to *** in 2007. They increased, however, from \$*** in interim 2007 to \$*** in interim 2008. CR/PR at Table C-1.

¹⁶⁷ The domestic industry's operating losses were ***. The domestic industry had ***, which totaled just ***. CR/PR at Table C-4 (excluding Laidlaw and United Wire). The domestic industry's brief, albeit modest, improvement in financial performance *** is largely attributable to the fact that ***. CR/PR at Table III-2; Conf. Tr. at 62-63. Nevertheless, as demonstrated by ***, any benefit realized from *** dissipated in the face of ever-increasing low-priced subject import volumes.

¹⁶⁸ For the domestic industry as defined by Commissioners Williamson and Pinkert, the domestic industry ***. The industry's operating losses were ***. The industry's operating losses were ***. CR/PR at Table C-1.

operating losses in ***.^{169 170} As noted above, the domestic industry's net sales (by quantity and by value) also declined steadily between 2005 and 2007.¹⁷¹

Based on the record in the final phase of this investigation, we conclude that subject imports had an adverse impact on the condition of the domestic industry during the period examined.¹⁷² In particular, we find that subject import levels have increased significantly, both absolutely and relative to domestic production and consumption, and that subject imports have gained market share at the expense of the domestic industry, undersold the domestic product, adversely affected the financial performance of the domestic industry, and adversely affected the numbers and wages of domestic workers. The significant underselling by subject imports, combined with the sales volumes lost to subject imports, has caused significant declines in the domestic industry's financial performance over the period examined.

¹⁶⁹ The domestic industry's ratio of operating losses to net sales was ***. The domestic industry's ratio of operating income to net sales was ***. CR/PR at Table C-4. As noted above, the domestic industry's brief, albeit modest, improvement in its financial performance in 2006 ***.

¹⁷⁰ For the domestic industry as defined by Commissioners Williamson and Pinkert, the domestic industry had *** between 2005 and 2007. The industry's ratio of operating losses to net sales ***. Its ratio of operating losses to net sales was ***. CR/PR at Table C-1.

¹⁷¹ CR/PR at Table C-4.

¹⁷² The Commission collected annual data for the period January 2005 to December 2007. As indicated above, the petition in this investigation was filed on July 31, 2007. We find that the improvements in the domestic industry in interim 2008 were related to the pendency of this investigation. While the interim 2008 data are pertinent and continue to show injury, we find that the trends from 2005 through 2007, generally prior to the commencement of this investigation and the imposition of preliminary duties by Commerce, more clearly reflect the impact of unrestrained subject imports on the domestic industry. We also note that the statutory provision governing the Commission's treatment of post-petition information, 19 U.S.C. § 1677(7)(I), states as follows:

[T]he Commission shall consider whether any change in the volume, price effects, or impact of imports of the subject merchandise since the filing of the petition in an investigation ... is related to the pendency of the investigation and, if so, the Commission may reduce the weight accorded to the data for the period after the filing of the petition in making its determination of material injury, threat of material injury, or material retardation of the establishment of an industry in the United States.

See also Statement of Administrative Action to the Uruguay Round Agreements Act, H. Rep. 103-316, Vol. 1 ("SAA") at 854 (1994). For these reasons, we therefore give less weight to the interim 2008 data for purposes of our material injury analysis.

IV. APPLICATION OF THE BRATSK ALUMINUM SMELTER v. UNITED STATES REPLACEMENT/BENEFIT TEST

A. Background¹⁷³

We are required by the Federal Circuit’s decision in Bratsk Aluminum Smelter v. United States¹⁷⁴ to undertake an “additional causation inquiry” whenever certain triggering factors are met: “whenever the antidumping investigation is centered on a commodity product, and price competitive nonsubject imports are a significant factor in the market.”¹⁷⁵ The additional inquiry required by Bratsk, which we refer to as the Bratsk replacement/benefit test, is “whether nonsubject imports would have replaced the subject imports without any beneficial effect on domestic producers.”¹⁷⁶

As noted in other investigations, we respectfully disagree¹⁷⁷ with Bratsk that the statute requires any analysis beyond that already included in our discussion above of the statutory volume, price, and impact factors, and do not reiterate the Commission’s interpretation of the statutory scheme here.¹⁷⁸ The Commission has a well established approach to addressing causation.¹⁷⁹ We apply the Bratsk replacement/benefit test to our analysis, however, because the Federal Circuit has directed us to do so, notwithstanding that, in our considered view, this test is not required by or consistent with the statute.

B. Parties’ Arguments

Petitioner M&B concedes that the first Bratsk triggering factor – that SWG hangers are a commodity product – is satisfied in this case. It argues, however, that the second Bratsk triggering

¹⁷³ Vice Chairman Pearson and Commissioner Okun do not join section IV.A. of this opinion. We note that the Federal Circuit’s decision in Mittal Steel Point Lisas Ltd. v. United States was issued after the Commission’s vote in this investigation. Slip Op. 2007-1552 (Fed. Cir., Sept. 18, 2008). Although we intend to fully evaluate the Federal Circuit’s decision for guidance in analyzing whether injury is by reason of subject imports in subsequent cases, for purposes of this case, we find it sufficient to observe that the Mittal Steel Court clarifies that its decision in Bratsk Aluminum v. United States did not require the application of the specific “replacement/benefit test” developed by the Commission. See Separate and Additional Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun Concerning Bratsk Aluminum v. United States in Sodium Hexametaphosphate from China, Inv. No. 731-TA-1110 (Preliminary), USITC Pub. 3912 at 20-21 (April 2007). In the body of this opinion, we have considered the alleged other factors and concluded that we have not attributed the effects of any other factors to the subject imports.

¹⁷⁴ 444 F.3d at 1369 (Fed. Cir. 2006).

¹⁷⁵ Bratsk, 444 F.3d at 1375.

¹⁷⁶ Bratsk, 444 F.3d at 1375.

¹⁷⁷ We note that the Federal Circuit’s decision in Mittal Steel Point Lisas Ltd. v. United States, Slip Op. 2007-1552 (Fed. Cir. Sept. 18, 2008) was issued after the Commission’s vote in this investigation. Given the recent issuance of the Mittal decision, the Commission is still in the process of fully evaluating the Federal Circuit’s decision and how it would affect the Commission’s analysis in future proceedings. Nevertheless, we view our determination in this investigation to be consistent with Mittal.

¹⁷⁸ For a full discussion of our views on the applicability of Bratsk, see our Views in the Remand Determination for Silicon Metal from Russia, Inv. No. 731-TA-991 (Final) (Second Remand), USITC Pub. 3910 (March 2007) and Views of the Commission in Certain Polyester Staple Fiber from China, Inv. No. 731-TA-1104 (Final), USITC Pub. 3922 at 24-26 (June 2007). For a full discussion of Chairman Aranoff’s views on the applicability of Bratsk, see the Views of the Commission in Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago, Inv. No. 731-TA-961 (Final) (Remand), USITC Pub. 3903 (January 2007).

¹⁷⁹ See Silicon Metal from Russia, Inv. No. 731-TA-991 (Second Remand), USITC Pub. 3910 (Mar. 2007), at 3-8 (articulating in detail the Commission’s longstanding interpretation of the “by reason of” causation standard).

factor, that nonsubject imports be a significant factor in the market, is not satisfied.¹⁸⁰ In addition, assuming that the second Bratsk triggering factor is satisfied, M&B argues that nonsubject imports cannot replace even a small fraction of the subject Chinese imports.¹⁸¹

Respondents maintain that the two Bratsk triggering factors are met and thus that the Commission must conduct a full Bratsk replacement/benefit analysis.¹⁸² They further argue that nonsubject imports from Mexico and Vietnam will replace subject imports following the imposition of antidumping duties, eliminating any potential benefit to the domestic industry.¹⁸³ They contend that Bratsk “is not limited to factual situations where certain substitute imports are in, or are not in, the U.S. market.”¹⁸⁴ In their view, Bratsk should be applied in this investigation “by looking at both current and potential imports” that did or could have entered the U.S. market during the period of investigation “given the particularly low barriers to entry in this industry.”¹⁸⁵ According to Respondents, the technology to make SWG hangers is cheap, simple, and easily moved to nonsubject countries.¹⁸⁶ They also emphasize that production costs in nonsubject countries are substantially lower than in the United States.¹⁸⁷

C. Analysis & Conclusion

Although we find that SWG hangers qualify as a commodity product, we reach different conclusions as to whether price-competitive nonsubject imports are a significant factor in the U.S. market. As discussed below, Chairman Aranoff and Commissioners Williamson and Pinkert conclude that the second Bratsk triggering factor is satisfied, while Vice Chairman Pearson and Commissioners Okun and Lane find that the second Bratsk triggering factor is not satisfied. Nevertheless, the Commission unanimously concludes that, whether both Bratsk triggering factors are met or not, application of the replacement/benefit test results in a finding that imposition of the order on subject imports would have benefitted the domestic industry, as nonsubject imports would not have fully replaced subject imports during the investigation period.

1. Triggering Factors

With respect to the first Bratsk triggering factor, SWG hangers qualify as a commodity product based upon Bratsk’s definition of “commodity product” as “meaning that it is generally interchangeable regardless of its source.”¹⁸⁸ The record in this investigation supports the conclusion that SWG hangers are broadly interchangeable for the same uses regardless of where they are produced. The vast majority of U.S. producers, importers, and purchasers reported that the U.S. product, the subject imports, and nonsubject imports are frequently or always interchangeable.¹⁸⁹ Although the Commission has noted that the fact that there is some level of interchangeability or substitutability between sources of a product does

¹⁸⁰ M&B’s Prehearing Br. at 51-52; M&B’s Posthearing Br. at 11-13.

¹⁸¹ M&B’s Posthearing Br. at 13.

¹⁸² Laidlaw and United Wire’s Posthearing Br. at 3-4.

¹⁸³ Laidlaw and United Wire’s Posthearing Br. at 4-5, 18-20; Fabricare Prehearing Br. at 6-12.

¹⁸⁴ Laidlaw and United Wire’s Posthearing Br. at 4.

¹⁸⁵ Laidlaw and United Wire’s Posthearing Br. at 4.

¹⁸⁶ Laidlaw and United Wire Prehearing Br. at 18; Laidlaw and United Wire’s Posthearing Br. at 6, 8.

¹⁸⁷ Laidlaw and United Wire Prehearing Br. at 21.

¹⁸⁸ Bratsk, 444 F.3d at 1375.

¹⁸⁹ CR/PR at Table II-6; CR at II-17; PR at II-13.

not necessarily mandate a finding that the goods are “commodities” for purposes of the Bratsk test,¹⁹⁰ M&B readily acknowledges that the first Bratsk trigger factor is satisfied because SWG hangers are a commodity product.¹⁹¹

With respect to the second Bratsk triggering factor (whether price-competitive nonsubject imports are a significant factor in the U.S. market), Chairman Aranoff and Commissioners Williamson and Pinkert find that it is satisfied. Nonsubject imports as a share of total imports by quantity declined steadily from 23.2 percent in 2005 to 11.4 percent in 2007.¹⁹² By comparison, subject imports increased steadily from 76.8 percent of total imports (on a quantity basis) in 2005 to 88.6 percent in 2007.¹⁹³ Similarly, nonsubject imports as a share of total imports by value declined steadily from 23.7 percent in 2005 to 12.4 percent in 2007, and fell again when comparing interim 2007 and interim 2008.¹⁹⁴ By comparison, subject imports increased steadily from 76.3 percent of total imports (on a value basis) in 2005 to 87.6 percent in 2007 and increased again when comparing interim 2007 with interim 2008. Notably, although the U.S. market share of nonsubject imports (on a quantity basis) declined slightly between 2005 and 2007 while the U.S. market share of subject imports increased dramatically, by the end of the period of investigation nonsubject imports had a larger share of apparent U.S. consumption than did domestic producers.¹⁹⁵

¹⁹⁰ As the Commission indicated in its opinion in the remand determination for the Bratsk case:

the case law is clear that considerations of interchangeability and substitutability differ depending on the purpose of the comparison. It is improper to assume, for example, that simply because goods are generally interchangeable for purposes of the “reasonable overlap of competition” analysis for cumulation, or are interchangeable for purposes of defining the domestic like product, they are “commodities” for purposes of assessing causation, which is the function of the *Bratsk* “test.” . . . Simply because the Commission has concluded in one section of its opinion that goods are “generally interchangeable” thus does not logically render such goods “commodities” for purposes of analyzing material injury by reason of subject imports . . .

Silicon Metal from Russia, Inv. No. 731-TA-991 (Remand), USITC Pub. 3910 (March 2007) at 10-11 (footnotes omitted), citing BIC Corp. v. United States, 964 F. Supp. 391, 397, 399 (Ct. Int’l Trade 1997) ([L]ike product, cumulation and causation are functionally different inquiries because they serve different statutory purposes As a result, each inquiry requires a different level of fungibility. Hence the record may contain substantial evidence that two products are fungible enough to support a finding in one context (e.g., one like product), but not in another (e.g., cumulation or causation.”). In the remand, however, the Commission applied the Federal Circuit’s “apparent assumption” that the triggering factors were satisfied in that case. See also Activated Carbon from China, Inv. No. 731-TA-1103, USITC Pub. 3913 (April 2007) at 26, n. 163.

¹⁹¹ M&B’s Prehearing Br. at 51-52.

¹⁹² By quantity, nonsubject imports as a share of total imports were 14.0 percent in interim 2008 compared with 13.7 percent in interim 2007. CR/PR at Table IV-2.

¹⁹³ By quantity, subject imports as a share of total imports were 86.0 percent in interim 2008 compared with 86.3 percent in interim 2007. CR/PR at Table IV-2.

¹⁹⁴ By value, nonsubject imports as a share of total imports were 14.4 percent in interim 2008 compared with 15.4 percent in interim 2007. CR/PR at Table IV-2.

¹⁹⁵ By quantity, the U.S. market share of nonsubject imports increased from 10.9 percent in 2005 to 11.1 percent in 2006, and then fell to 10.4 percent in interim 2007. By quantity, the U.S. market share of nonsubject imports increased *** from 12.1 percent in interim 2007 to *** percent in interim 2008. In comparison, the U.S. market share of subject imports increased (on a quantity basis) from 36.0 percent in 2005 to 63.2 percent in 2006 to 80.9 percent in 2007. The U.S. market share of subject imports also increased (on a quantity basis) from 76.2 percent in interim 2007 to *** percent in interim 2008. CR/PR at Table IV-9. By quantity, the U.S. producers’ market share dropped from *** percent in 2005 to *** percent in 2006, and then to *** percent in 2007. By quantity, U.S.

(continued...)

With respect to the second component of the second triggering factor – whether nonsubject imports were price competitive – the information in the record presents a mixed picture. Average unit values (AUVs) of all nonsubject imports were higher than subject import AUVs during the entire period of investigation.^{196 197} AUVs for the largest nonsubject import source, Mexico, however, remained stable during the period of investigation at a level lower than AUVs for the subject imports and the domestic like product, until 2007, when subject import AUVs, which had steadily declined during the period of investigation, fell to a level lower than Mexican import AUVs.¹⁹⁸ Furthermore, quarterly pricing data reveal that Mexican prices were mainly higher than reported subject pricing data and lower than reported domestic pricing data.¹⁹⁹ Therefore, in light of the above data, Chairman Aranoff and Commissioners Williamson and Pinkert conclude that price-competitive nonsubject imports are a significant presence in the U.S. market and that the second triggering factor identified in Bratsk is therefore satisfied.

Vice Chairman Pearson and Commissioners Okun and Lane find that the second Bratsk triggering factor (whether price-competitive nonsubject imports are a significant factor in the U.S. market) is not satisfied. Nonsubject imports as a share of total imports by quantity declined steadily from 23.2 percent in 2005 to 14.9 percent in 2006, and fell to 11.4 percent in 2007.²⁰⁰ By comparison, subject imports increased steadily from 76.8 percent of total imports (on a quantity basis) in 2005 to 85.1 percent in 2006 to 88.6 percent in 2007.²⁰¹ Similarly, nonsubject imports as a share of total imports by value declined steadily from 23.7 percent in 2005 to 16.2 percent in 2006, and then to 12.4 percent in 2007, and fell again when the interim periods are compared.²⁰² By comparison, subject imports increased steadily from 76.3 percent of total imports (on a value basis) in 2005 to 83.8 percent in 2006, and then to 87.6 percent in 2007, and increased again when the interim periods are compared. Furthermore, the U.S. market share of nonsubject imports (on a quantity basis) declined overall between 2005 and 2007, while the U.S. market share of subject imports increased dramatically during this same period.²⁰³

¹⁹⁵ (...continued)

producers' market share was *** percent in interim 2008 compared with *** percent in interim 2007. CR/PR at Table C-4 (excluding Laidlaw and United Wire). For the domestic industry defined by Commissioners Williamson and Pinkert, U.S. producers' market share (by quantity) fell from 53.1 percent in 2005 to 25.7 percent in 2006 and 8.7 percent in 2007. For the domestic industry defined by Commissioners Williamson and Pinkert, U.S. producers' market share (by quantity) also dropped from 11.7 percent in interim 2007 to *** percent in interim 2008. CR/PR at Table C-1.

¹⁹⁶ CR/PR at Tables C-1 & C-4.

¹⁹⁷ In determining whether nonsubject imports are price competitive in this investigation, Commissioner Pinkert has primarily analyzed whether nonsubject imports are price competitive with the domestic like product, although he has also taken into account relative pricing levels for nonsubject and subject imports.

¹⁹⁸ CR/PR at Table IV-2.

¹⁹⁹ CR/PR at Tables V-1 to V-8.

²⁰⁰ By quantity, nonsubject imports as a share of total imports were 14.0 percent in interim 2008 compared with 13.7 percent in interim 2007. CR/PR at Table IV-2.

²⁰¹ By quantity, subject imports as a share of total imports were 86.0 percent in interim 2008 compared with 86.3 percent in interim 2007. CR/PR at Table IV-2.

²⁰² By value, nonsubject imports as a share of total imports were 14.4 percent in interim 2008 compared with 15.4 percent in interim 2007. CR/PR at Table IV-2.

²⁰³ By quantity, the U.S. market share of nonsubject imports increased from 10.9 percent in 2005 to 11.1 percent in 2006, and then was 10.4 percent in 2007. By quantity, the U.S. market share of nonsubject imports was *** percent in interim 2008 compared with 12.1 percent in interim 2007. In comparison, the U.S. market share of subject imports increased (on a quantity basis) from 36.0 percent in 2005 to 63.2 percent in 2006, and then to 80.9 percent in 2007. The U.S. market share of subject imports (on a quantity basis) was *** percent in interim 2008

(continued...)

In light of the data reflecting the small role of nonsubject imports, particularly by the end of the period, Vice Chairman Pearson and Commissioners Lane and Okun conclude that nonsubject imports are not a significant presence in the U.S. market and that the second triggering factor identified in Bratsk is therefore not satisfied. Nevertheless, Vice Chairman Pearson and Commissioners Lane and Okun proceed to conduct a replacement/benefit analysis assuming arguendo that the Bratsk trigger factors are met.

2. Replacement/Benefit Factors

As required by Bratsk, we now consider whether nonsubject imports would have replaced subject imports over the period of investigation, without any benefit to the domestic industry.

At the outset, we recognize that Respondents have noted that record evidence suggests that it would be relatively easy for subject producers to switch production of SWG hangers to nonsubject countries, given the relatively low barriers to entry in this industry.²⁰⁴ We note, however, that Respondents have not argued that nonsubject imports would have fully replaced subject imports over the period examined by pointing to existing sources of the nonsubject product sufficient to replace the volume of subject imports during the period, but rather by unduly speculating regarding possible production shifts and new nonsubject production facilities that might have been established if Chinese imports had been excluded from the U.S. market during the period of investigation.

Respondents argue that a company need not be a current producer or exporter of SWG hangers in order to be considered a source of nonsubject imports under Bratsk. They contend that Bratsk “is not limited to factual situations where certain substitute imports are in, or are not in, the U.S. market.”²⁰⁵ They argue that Bratsk should be applied in this investigation “by looking at both current and potential imports,” that did or could have entered the U.S. market during the period of investigation, “given the particularly low barriers to entry in this industry.”²⁰⁶

As a legal matter, we do not find support for Respondents’ argument in Bratsk, the cases interpreting Bratsk, or the statute.²⁰⁷ In Bratsk, the Court requires the Commission to “address whether nonsubject imports would have replaced the subject imports without any beneficial effect on domestic producers.”²⁰⁸ We do not find anything in this language in Bratsk that would support Respondents’ contention that the Court intended us to imagine every possible source of production that could have conceivably begun during the period examined, the cumulative effect of which would have been to replace actual subject imports.

Moreover, to the extent that Respondents claim that existing nonsubject production could replace subject imports, we find, as explained below, that the facts of record are to the contrary. We have examined nonsubject imports, both individually and collectively, from the primary nonsubject country suppliers.

²⁰³ (...continued)
compared with 76.2 percent in interim 2007. CR/PR at Table IV-9.

²⁰⁴ Laidlaw and United Wire’s Posthearing Br. at 6-9.

²⁰⁵ Laidlaw and United Wire’s Posthearing Br. at 4.

²⁰⁶ Laidlaw and United Wire’s Posthearing Br. at 4.

²⁰⁷ See Mittal Steel Point Lisas Ltd. v. United States, Slip Op. 2007-1552 (Fed. Cir. Sept. 18, 2008) at 16 (“the focus of the inquiry is on the cause of injury in the past, not the prospect of effectiveness in the future”).

²⁰⁸ Bratsk, 444 F.3d at 1375.

There is information in the record concerning the unused capacity of M&B's Mexican operation,²⁰⁹ the only supplier of consequence of nonsubject imports during 2005-07.²¹⁰ It indicates that M&B's Mexican production facility had unused capacity of approximately *** SWG hangers in 2005 and 2006 and approximately *** SWG hangers in 2007.²¹¹ By comparison, available nonsubject capacity in Canada, the next largest nonsubject supplier, did not exceed *** SWG hangers in any year during the period.²¹² Subject imports from China, however, amounted to more than 1 billion SWG hangers in 2005, almost 2 billion SWG hangers in 2006, and nearly 3 billion SWG hangers in 2007.²¹³ While Respondents have argued that there is substantial hanger production capacity in Vietnam, the record indicates that nonsubject imports from Vietnam to date have been quite modest, notwithstanding an increase in the second quarter of 2008 compared to the first quarter of 2008.²¹⁴ The record also contains little to no verifiable information regarding the total or available unused capacity for Vietnamese hangers producers during the period examined, and the Commission's attempts to retrieve this information from Vietnamese sources were unsuccessful.²¹⁵ Considering the magnitude of the subject imports and subject unused capacity during the period examined, we find it unlikely that production capacity that would have been large enough to replace subject imports existed in Vietnam during the period examined. As a result, for the reasons listed above, the record indicates that nonsubject imports could not have replaced, and therefore would not have replaced, subject imports during the period.

Moreover, as a practical matter, as noted above, because Respondents' arguments concerning the presence of nonsubject imports from sources other than Canada, Mexico, and Vietnam in the market are unduly speculative, we lack the necessary information to determine whether subject producers would have possessed the incentive to move their production to nonsubject countries during the period examined.

Accordingly, for the reasons explained above, we find that nonsubject imports would not have replaced subject imports during the investigation period and prevented the domestic industry from benefitting from the imposition of an order. Our affirmative material injury determination therefore is consistent with the Court's holding in Bratsk.

CONCLUSION

For the reasons stated above, we find that the domestic industry producing SWG hangers is materially injured by reason of subject imports from China that are sold in the United States at less than fair value.

²⁰⁹ CR/PR at Table VII-5.

²¹⁰ CR at VII-10; PR at VII-9.

²¹¹ CR/PR at Table VII-5.

²¹² CR/PR at Table VII-6.

²¹³ CR/PR at Table C-4.

²¹⁴ U.S. imports of SWG hangers from Vietnam were zero in 2007. They were 584,000 units in January-March 2008 and 4.2 million units in April 2008. CR/PR at Table IV-3 (statistical note); CR at VII-16 to VII-17; PR at VII-11.

²¹⁵ CR at VII-17; PR at VII-11.

PART I: INTRODUCTION

BACKGROUND

This investigation results from a petition filed with the U.S. Department of Commerce (“Commerce”) and the U.S. International Trade Commission (“USITC” or “Commission”) by M&B Metal Products Company, Inc. (“M&B”), Leeds, AL, on July 31, 2007, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value (“LTFV”) imports of steel wire garment hangers (“SWG hangers”)¹ from China. Information relating to the background of the investigation is provided below.²

Effective date	Action
July 31, 2007	Petition filed with Commerce and the Commission; institution of the Commission’s investigation (72 FR 45069, August 10, 2007)
September 10, 2007	Commerce’s notice of initiation (72 FR 52855, September 17, 2007)
October 10, 2007	Commission’s preliminary determination (72 FR 59112, October 18, 2007)
March 25, 2008	Commerce’s preliminary determination (73 FR 15726); scheduling of final phase of Commission’s investigation (73 FR 18560, April 4, 2008)
April 14, 2008	Commerce’s amended preliminary determination and postponement of final determination (73 FR 20018); revised scheduling of final phase of Commission’s investigation (73 FR 23493, April 30, 2008)
July 31, 2008	Commission’s hearing ¹
August 14, 2008	Commerce’s final determination (73 FR 47587)
September 11, 2008	Commission’s vote
September 29, 2008	Commission’s determination transmitted to Commerce

¹ App. B contains a list of witnesses appearing at the hearing.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

Section 771(7)(B) of the Tariff Act of 1930 (the “Act”) (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission—

shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and . . . may consider such other economic factors as are relevant to the

¹ See the section entitled “The Subject Merchandise” in *Part I* of this report for a complete description of the merchandise subject to this investigation.

² *Federal Register* notices cited in the tabulation are presented in app. A.

determination regarding whether there is material injury by reason of imports.

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--

In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.

...

In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether . . . (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.

...

In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to

...

(I) actual and potential declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

Organization of the Report

Part I of this report presents information on the subject merchandise, dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV and V* present the volume and pricing of imports of the subject merchandise, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury and the judicial requirements and information obtained for use in the Commission's consideration of *Bratsk* issues.

U.S. MARKET SUMMARY

SWG hangers generally are used by dry cleaning establishments, industrial laundries, and textile industries to drape and transport clothing and other textiles. The leading U.S. producer of SWG hangers is M&B, while leading producers of SWG hangers outside the United States include ***.³ The leading U.S. importers of SWG hangers from China include former U.S. producers Laidlaw Corp. (“Laidlaw”) and United Wire Hangers Corp. (“United Wire”), as well as ***.⁴ U.S. purchasers of SWG hangers are predominantly drycleaners, industrial laundries, uniform rental firms, textile producers, and distributors selling to such companies. Leading purchasers include ***. Apparent U.S. consumption of SWG hangers totaled approximately 3.3 billion hangers (\$107.8 million) in 2007. Currently, five firms produce, or are re-acquiring the capacity to produce, SWG hangers in the United States: M&B, Merrick, Metro Supply Co. (“Metro”), Shanti Industries, Inc. (“Shanti”), and Ganchos N&V, Inc. (“Ganchos”).^{5 6} U.S. producers’ U.S. shipments of SWG hangers totaled 289.4 million hangers (\$12.4 million) in 2007, and accounted for 8.7 percent of apparent U.S. consumption by quantity and 11.5 percent by value. U.S. imports from China totaled 2.7 billion hangers (\$83.6 million) in 2007 and accounted for 80.9 percent of apparent U.S. consumption by quantity and 77.6 percent by value. U.S. imports from nonsubject sources totaled 347.8 million hangers (\$11.8 million) in 2007 and accounted for 10.4 percent of apparent U.S. consumption by quantity and 11.0 percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in the investigation is presented in appendix C, tables C-1 through C-4.⁷ Except as noted, U.S. industry data are based on questionnaire responses of four firms currently producing SWG hangers and three firms that have ceased or suspended production, which accounted for approximately three-quarters of U.S. production of SWG hangers in 2007 and all known U.S. production through the first quarter of 2008. U.S. imports are based on official statistics from Commerce except where noted.

PREVIOUS AND RELATED INVESTIGATIONS

On November 27, 2002, CHC, M&B, and United Wire, producers of steel wire garment hangers, filed a petition pursuant to section 421 of the Trade Act of 1974 alleging that certain steel wire garment hangers from China were being imported into the United States in such increased quantities or under such conditions as to cause or threaten to cause market disruption to the domestic garment hanger industry. On

³ The leading nonsubject producers exporting to the United States are ***.

⁴ The leading importer of SWG hangers from Mexico is M&B and from Canada is ***.

⁵ Merrick ***. E-mail from ***, June 23, 2008.

⁶ CHC Industries, Inc. (“CHC”) ceased production in 2003, Nagel Manufacturing and Supply Co. (“Nagel Manufacturing”) in 2004, United Wire in 2006, and Laidlaw and Navisa in 2007. East West Enterprises and Rocky Mountain Hanger Manufacturing also have ceased production. Conference transcript, p. 16 (Magnus). Staff explored the possibility of additional U.S. producers. ***, one such company, considered but rejected as uneconomical the option of producing SWG hangers. Staff confirmed trial production by *** (a company owned by a former official of ***), but such production is very recent and has been extremely limited due to ***. Staff has been unable to confirm any production activity by East West. Staff telephone interviews with ***, August 19, 2008; and ***, August 26, 2008.

⁷ Table C-1 presents data for the entire U.S. industry. Tables C-2 through C-4 reflect a domestic industry excluding potential related parties Laidlaw and United Wire, individually and collectively. Similarly, appendix D presents pricing data excluding sales by Laidlaw and United Wire.

January 27, 2003, the Commission voted unanimously to determine that Chinese imports were causing market disruption.⁸ The Commission found that shipments from China had increased by more than 800 percent from 1997 to 2001 and had more than doubled between January-September 2001 (interim 2001) and January-September 2002 (interim 2002). The Commission also found that rapidly increasing imports from China were a significant cause of material injury to the domestic industry.⁹ Accordingly, on February 5, 2003, the Commission majority voted to propose to the President a remedy consisting of an additional duty on imports of garment hangers from China for a three-year period, beginning at 25 percent *ad valorem* in the first year, 20 percent *ad valorem* in the second year, and 15 percent *ad valorem* in the third year.¹⁰ On April 25, 2003, the President opted to grant expedited consideration for trade adjustment assistance claims by U.S. workers displaced by foreign competition but not to impose duties, citing “a strong possibility that if additional tariffs on Chinese wire hangers were imposed, production would simply shift to third countries, which could not be subject to section 421’s China-specific restrictions.”¹¹

NATURE AND EXTENT OF SALES AT LTFV

On August 14, 2008, Commerce published a notice in the *Federal Register* of its final determination of sales at LTFV with respect to imports from China.¹² Table I-1 presents Commerce’s dumping margins with respect to imports of SWG hangers from China.

Table I-1
SWG hangers: Commerce’s final weighted-average LTFV margins with respect to imports from China

Exporter/producer	Final dumping margin (percent)
Shanghai Wells Hanger Co., Ltd.	15.44
Shaoxing Metal Companies	94.06
Jiangyin Hongji Metal Products Co., Ltd.	54.75
Shaoxing Meideli Metal Hanger Co., Ltd.	54.75
Shaoxing Dingli Metal Clotheshorse Co., Ltd.	54.75
Shaoxing Liangbao Metal Manufactured Co., Ltd.	54.75
Shaoxing Zhongbao Metal Manufactured Co., Ltd.	54.75
Shangyu Baoxiang Metal Manufactured Co., Ltd.	54.75
Zhejiang Lucky Cloud Hanger Co., Ltd.	54.75

Table continued on following page.

⁸ See *Certain Steel Wire Garment Hangers from China*, Inv. No. TA-421-2, USITC Publication 3575, February 2003, pp. 1-3 and I-2.

⁹ *Ibid.*, pp. 10-17.

¹⁰ *Ibid.*, p. 1. Alternative remedies included a 30-percent increase in duties for a three-year period and increased duties of 20 percent and 15 percent, respectively, over a two-year period.

¹¹ *Presidential Determination on Wire Hanger Imports from the People’s Republic of China*, 68 FR 23019, April 25, 2003.

¹² *Steel Wire Garment Hangers from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 47587, August 14, 2008.

Table I-1 – Continued

SWG hangers: Commerce’s final weighted-average LTFV margins with respect to imports from China

Pu Jiang County Command Metal Products Co., Ltd.	54.75
Shaoxing Shunji Metal Clotheshorse Co., Ltd.	54.75
Ningbo Dasheng Hanger Ind. Co., Ltd.	54.75
Jiaxing Boyi Medical Device Co., Ltd.	54.75
Yiwu Ao-Si Metal Products Co., Ltd.	54.75
Shaoxing Guochao Metallic Products Co., Ltd.	54.75
China-wide rate ¹	186.98

¹ The China-wide entity includes Tianjin Hongtong Metal Manufacture Co., Ltd.

Source: *Steel Wire Garment Hangers from the People’s Republic of China: Final determination of Sales at Less Than Fair Value*, 73 FR 47587, August 14, 2008.

THE SUBJECT MERCHANDISE

Commerce’s Scope

Commerce has defined the imported product subject to this investigation as:

Steel wire garment hangers, fabricated from carbon steel wire, whether or not galvanized or painted, whether or not coated with latex or epoxy or similar gripping materials, and/or whether or not fashioned with paper covers or capes (with or without printing) and/or nonslip features such as saddles or tubes. These products may also be referred to by a commercial designation, such as shirt, suit, strut, caped, or latex (industrial) hangers. Specifically excluded from the scope of this investigation are wooden, plastic, and other garment hangers that are not made of steel wire.¹³

Since its preliminary determination, Commerce proposed changes to the scope language in order to prevent possible circumvention. On June 27, 2008, Commerce invited interested parties to comment on its proposed changes to the scope language. M&B and Willert Home Products, Inc. (“Willert”) submitted comments. M&B agreed with Commerce’s proposed changes. Willert requested a scope clarification which would have excluded its vinyl-dipped SWG hangers from the product scope. On August 14, 2008, Commerce did modify the scope by stating that hangers not made from steel wire are excluded and, as discussed below, by adding statistical reporting number 7323.99.9060, but denied Willert’s request to exclude its vinyl-dipped hangers from the product scope.¹⁴

¹³ *Steel Wire Garment Hangers from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 47587, August 14, 2008.

¹⁴ *Ibid.*

U.S. Tariff Treatment

The products subject to this petition are classified in subheading 7326.20.00 of the HTS and properly reported under statistical reporting number 7326.20.0020, at a general rate of duty of 3.9 percent *ad valorem* (table I-2). This statistical reporting number was created specifically for wire hangers at the request of the U.S. industry and has been in place since January 1, 2002.¹⁵ In addition, statistical reporting number 7323.99.9060 was added by Commerce to the product scope on August 14, 2008.¹⁶

Table I-2
SWG hangers: Tariff treatment, 2008

HTS provision	Article description	General	Special ¹	Column 2
		Rates (percent <i>ad valorem</i>)		
7323	Table, kitchen or other household articles and parts thereof, of iron or steel; iron or steel wool; pot scourers and scouring or polishing pads, gloves and the like, of iron or steel:			
7323.99.90	Other: (Not coated with precious metals of tinplate; not cookingware)	3.4%	Free (A, AU, BH, CA, CL, E, IL, J, JO, MA, MX, P, SG)	40%
60	Other: (Not kitchen or tableware suitable for food or drink contact)			
7326	Other articles of iron or steel:	3.9%	Free (A, AU, B, BH, C, CA, CL, E, IL, J, JO, MA, MX, P, SG)	45%
7326.20.00	Articles of iron or steel wire			
20	Garment hangers			
¹ General note 3(c)(l) to the HTS lists the programs related to the enumerated special duty rate symbols. No special duty rate applies to products of China. Source: HTS (2008).				

THE DOMESTIC LIKE PRODUCT

Description and Applications

SWG hangers are produced primarily for use by the dry cleaning, industrial laundry, textile, and uniform rental industries. SWG hangers are designed and formed to permit clothing and other textiles to be draped and/or suspended from the product. The four most common varieties of dry-cleaning hangers are caped hangers, shirt hangers, suit hangers, and strut hangers (figure I-1). Each of these general categories includes a range of hangers in varying sizes and finishes, but with common distinguishing features. Caped hangers have a paper “cape” or cover, normally white and often with commercial or custom printing. Strut hangers have a paper tube that runs along the length of the bottom of the hanger. The wire does not run through the paper tube, but is instead folded in at the edges.¹⁷ This paper tube, or “strut,” is often coated with a nonslip material to prevent the garment from falling off of the hanger. The

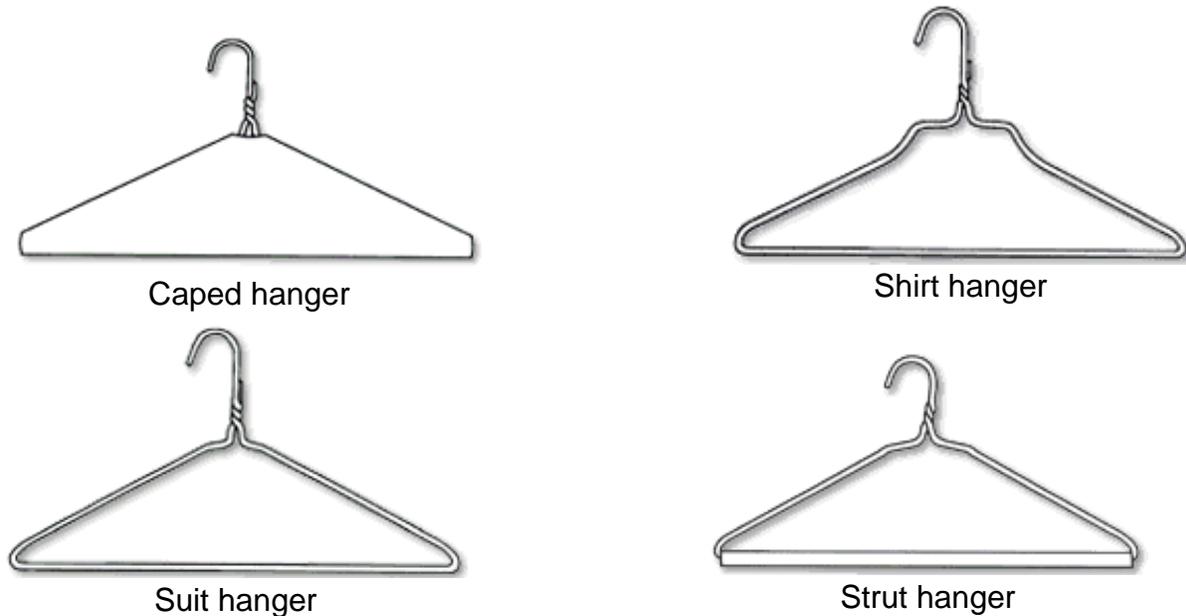
¹⁵ Petition, p. 17.

¹⁶ Customs and Border Protection has made classification rulings on plastic- and vinyl-coated steel wire hangers and ruled that these coated wire hangers are covered by the HTS statistical reporting number 7326.20.0020. Petitioner’s prehearing brief, exh. 1.

¹⁷ ***.

basic shirt hanger is produced using a lighter gauge wire, so it is a thinner hanger, and it is normally painted white. The suit hanger has the same basic hanger shape, but it is manufactured using a wire gauge that can support the weight of a suit and is usually painted with a gold-colored paint. As noted in the petition, despite some obvious differences in finishes and paper accessories, all of these hangers share the same basic configuration, characteristics, and end use.¹⁸

Figure I-1
SWG hangers: Common varieties



Source: M&B website at <http://www.mbhangers.com/>, retrieved August 15, 2008.

Steel wire hangers produced for use in industrial laundries or the uniform rental market are known as textile or uniform rental hangers or as industrial hangers. These hangers are normally produced using a 13-gauge wire¹⁹ to support the weight of newly washed textiles and uniforms. Industrial laundries and uniform rental companies typically require a more substantial gauge hanger in a consistent shape to fit their high-speed processing equipment. These hangers may be coated with a latex or other coating to prevent slippage during the steaming and pressing operations.²⁰ Latex hangers, however, are not used by dry cleaners because the bottom wire bar would put a crease in the trousers.²¹

¹⁸ Petition, pp. 14-15.

¹⁹ The term “gauge” refers to the diameter of wire. A 13-gauge wire has a diameter of 0.0915 inch.

²⁰ Petition, pp. 15-16.

²¹ Conference transcript, p. 23 (Magnus).

Manufacturing Processes

There are no substantial differences in the production process or uses for industrial hangers and dry-cleaning hangers. The manufacturing process to produce SWG hangers consists of purchasing low-carbon steel wire or drawing wire from low-carbon steel wire rod,²² cutting the wire to length, and fabricating the hangers (figure I-2). After the wire is straightened and cut to length, the hangers are formed and painted. The process may be continuous or require separate stages to straighten, cut, and form the hanger, and painting may take place either before or after the hanger is formed. In all cases, the forming machines are dedicated to the production of hangers; they are not used and cannot be used to produce other products.

Figure I-2
SWG hangers: Formation process



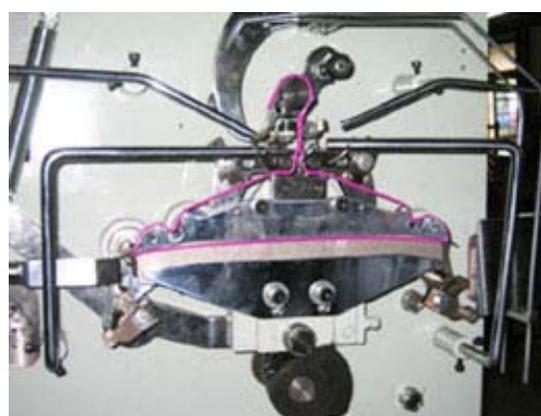
Wire enters machine . . .



. . . is pulled to formation area in machine



Detailed view of wire entering formation process.



Hanger is formed.

Source: Website of Wuxi Anber Machine Com Ltd., found at www.china-anbermachine.com/product17.htm, retrieved August 15, 2008.

²² ***.

After forming and painting, some hangers require the addition of a paper covering or “cape,” which can be plain or printed with custom or stock messages for drycleaner customers. In addition, strut hangers receive a cardboard tube or “strut” along the bottom bar on which drycleaners hang pants. Although referred to by a separate name in the industry, these hangers are produced using the same equipment and workers as the various types of dry-cleaning hangers described above.

The formation of the hanger itself is similar in China and the United States.²³ Operations such as the addition of capes and struts and painting the wire are executed by machine in the United States while they may be performed manually in China.²⁴ However, Shanghai Wells Hanger Co., Ltd., accounting for *** percent of 2007 reported SWG hanger production in China, reported using a more automated process. Most hangers going to dry cleaners are packed in boxes containing 500 hangers. However, thicker hangers (struts, drapery, and polo knit hangers) are packed 250 in a box.²⁵ In the United States the quantity to be packed in a box is determined by weight.²⁶ In China, the hangers are counted and packed manually.²⁷

Specific production differences between M&B and certain less-automated manufacturers in China are presented in table I-3. Figures I-3 and I-4 present flow charts for the manufacturing of U.S. and Chinese SWG hangers, respectively. The production processes of one of the larger Chinese producers, Shanghai Wells, is presented in figures I-5 and I-6. All of the common types of SWG hangers mentioned above are produced in China.²⁸

Table I-3
SWG hangers: Production process differences between M&B and producers in China

* * * * *

²³ For example, Shanghai Wells Hanger Co., Ltd., a manufacturer in China, states that it is “the world’s leading manufacturer of quality wire hangers” and that the majority of its production equipment was brought in from the United States. Petition, exhibit 25 and website of Shanghai Wells Hanger Co., Ltd., at <http://www.wellshanger.com/about.asp>, retrieved June 25, 2008.

²⁴ Hearing transcript, pp. 74-75 (Magrath).

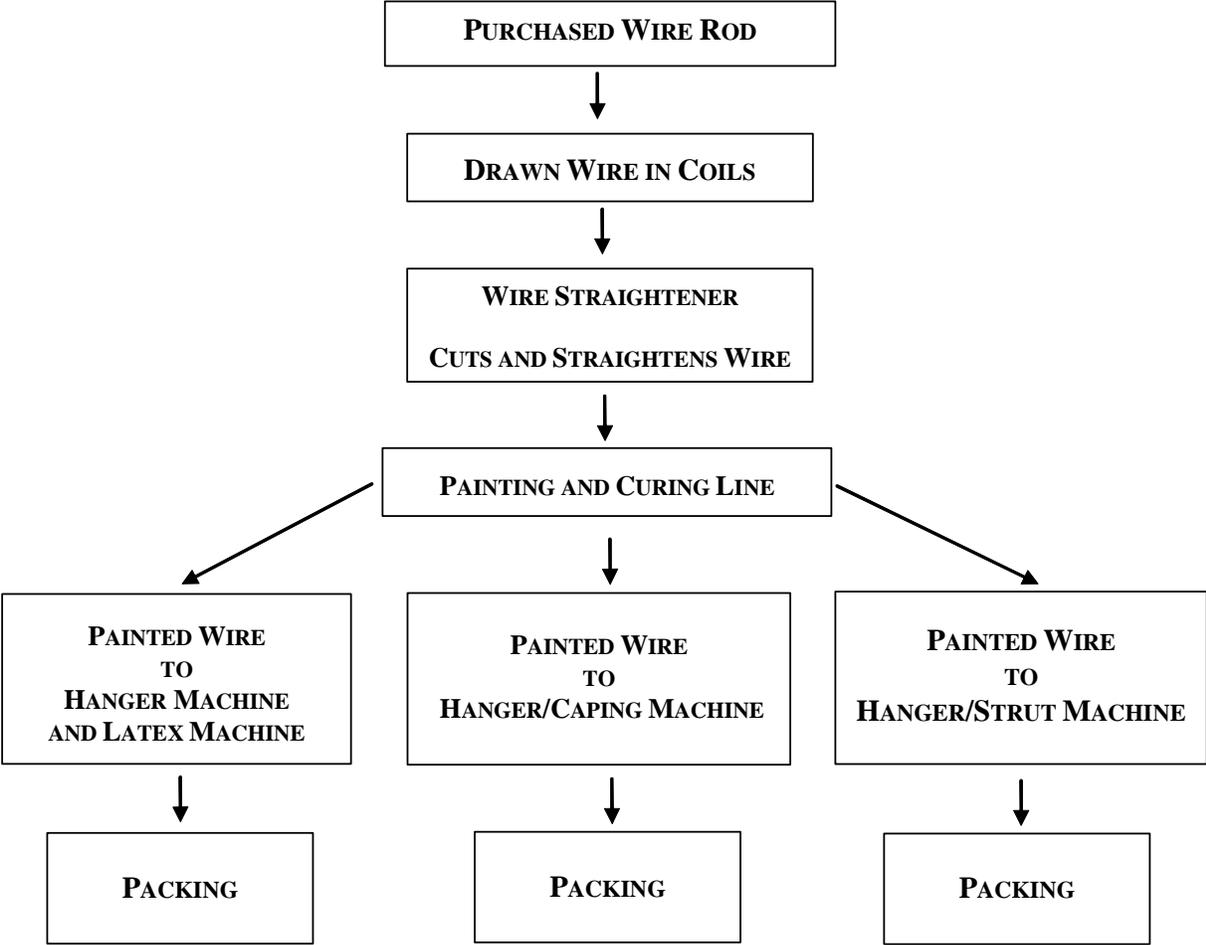
²⁵ ***.

²⁶ Ibid.

²⁷ *** and ***.

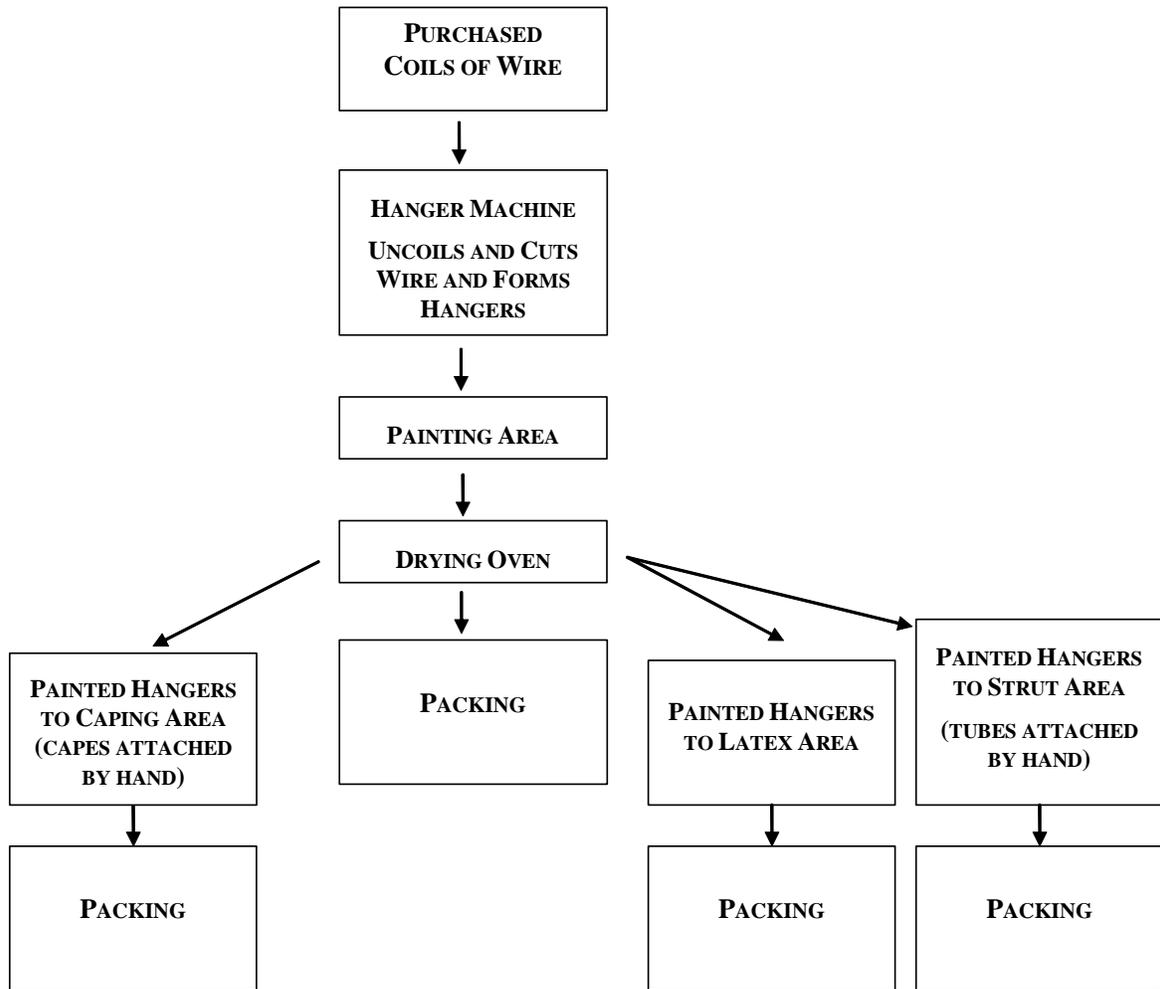
²⁸ Conference transcript, p. 66 (Waite).

Figure I-3
SWG hangers: M&B Metal Products production flow chart



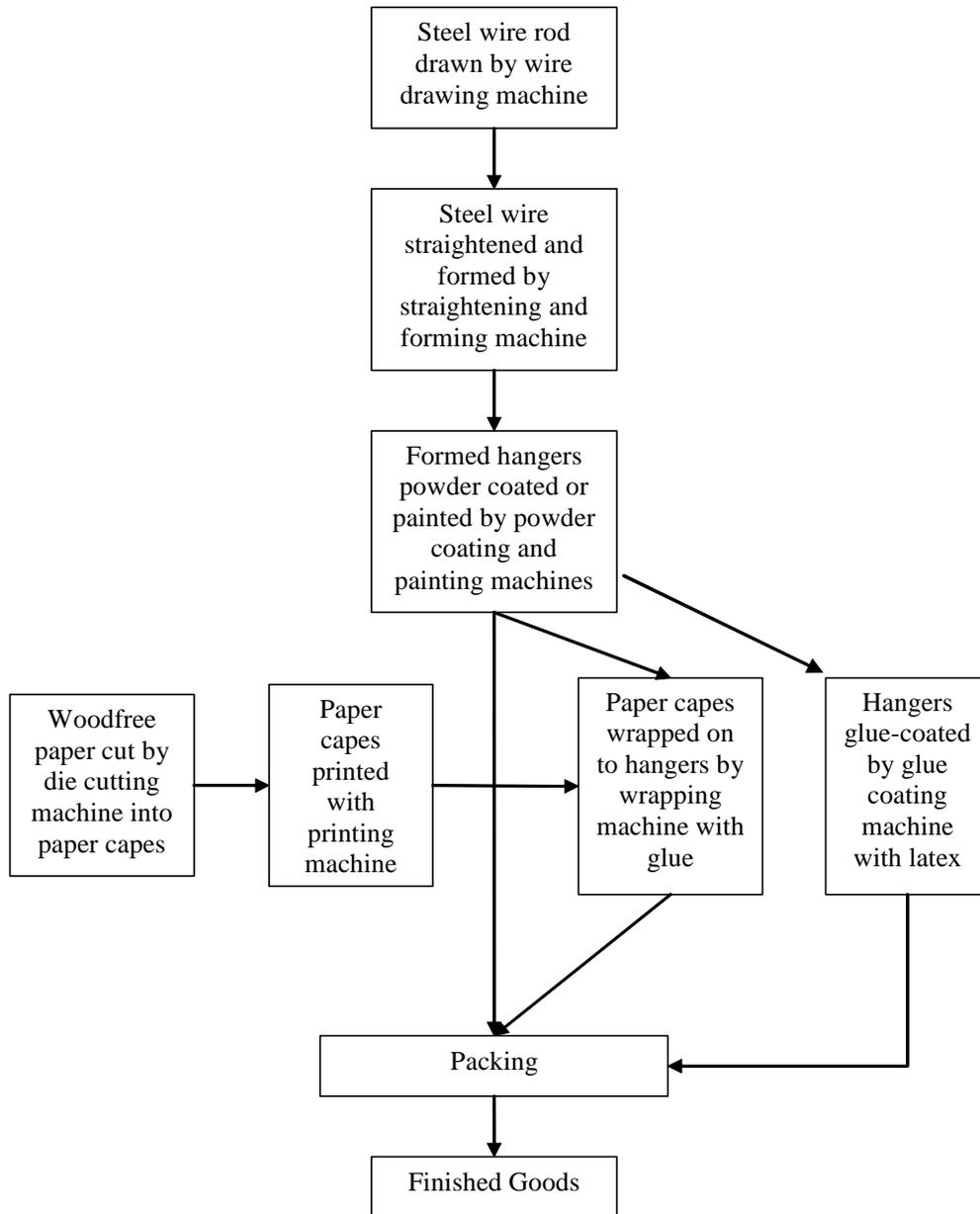
Source: M&B Metal Products Co., Inc.

Figure I-4
SWG hangers: Flow chart of Chinese production



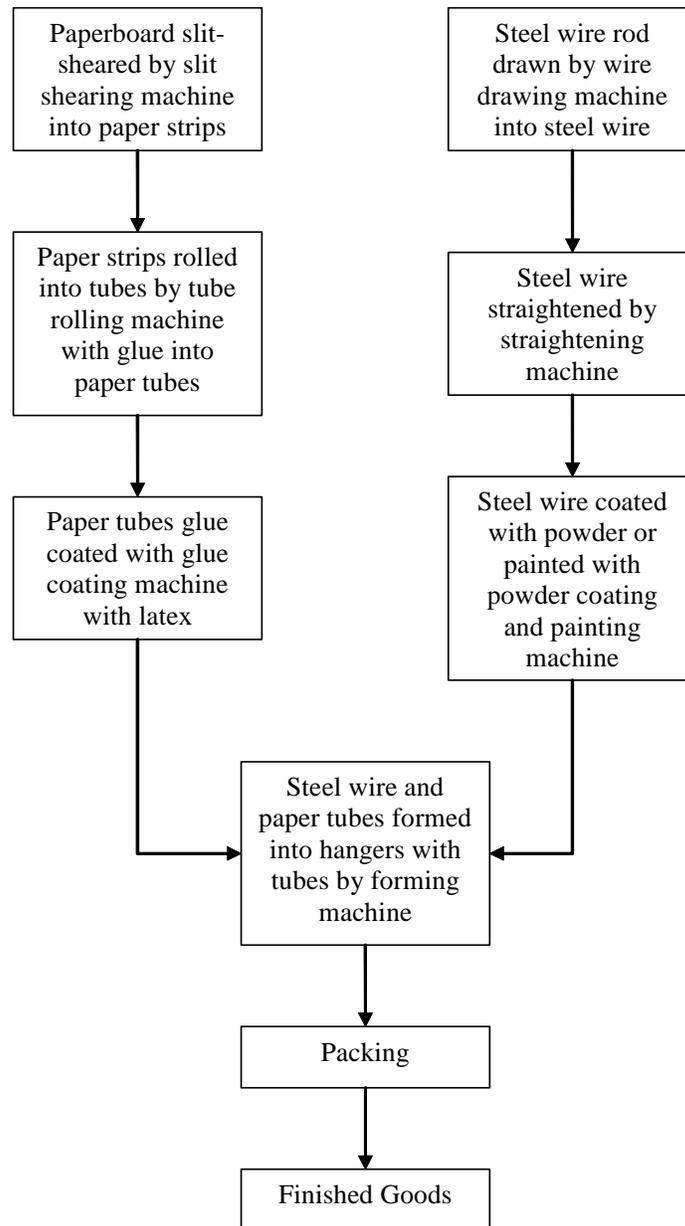
Source: M&B Metal Products Co., Inc.

Figure I-5
SWG hangers: Shanghai Wells Hanger Co., Ltd.'s production process of non-strut hangers



Source: Shanghai Wells Hanger Co., Ltd.

Figure I-6
SWG hangers: Shanghai Wells Hanger Co., Ltd.'s production process of strut hangers



Source: Shanghai Wells Hanger Co., Ltd.

DOMESTIC LIKE PRODUCT ISSUES

No issues with respect to domestic like product were raised during the preliminary phase of this investigation. The petitioner proposed a domestic like product coextensive with the scope,²⁹ and respondents raised no objections. In the preliminary phase of the investigation, the Commission determined that the domestic like product was coextensive with the scope.³⁰ No party suggested collecting additional information on any other product after reviewing the draft questionnaires. However, during the final phase of this investigation, one importer, Willert, contends that its vinyl-coated SWG hangers are unlike other forms of SWG garment hangers and that the Commission should make a separate domestic like product determination.³¹ Willert states that its competitors are not other SWG hangers but manufacturers of plastic, wooden, and crystal acrylic hangers that are sold at retail for household use.³²

Vinyl-coated SWG hangers are within the current product scope and are sold in the United States. However, they are not currently produced in the United States.³³ These hangers are available in two varieties - (1) those in which the wire is coated with plastic before hanger formation and (2) those dipped in plastic after hanger formation. Type 1 vinyl-coated hangers are manufactured using a plastic extrusion process; the plastic coating is prepared and then the wire is introduced and coated. Beads of polyethylene are placed in the hopper of a plastic extrusion machine, and the desired coloring agent is introduced. Below the hopper is a revolving auger in a chamber. The beads and coloring agent move through the chamber by the revolution of the auger. Peripheral heaters heat the chamber and melt the plastic.

At the end of the chamber, the wire is introduced, pulled through the die, and coated with plastic, generating a thin plastic tube formed around a bare wire. After coating, the wire is cooled and cut to length. It is then fed into a hanger machine and formed into a hanger. In this process the ends of the wire are uncovered by plastic and exposed.³⁴

In the manufacturing process for the type 2 vinyl-coated hanger, the hanger is formed, dipped into a vinyl bath, removed from the bath, and then cooled. This process completely covers the hanger with plastic - none of the wire is exposed. In Willert's production process, the hanger is dipped in vinyl in one direction, removed manually and cured, then turned over, dipped again in the other direction, and then manually removed for curing.³⁵

Both types of plastic-coated SWG hangers generally are sold to retail establishments, although some type 1 hangers reportedly are sold to the dry cleaning industry. The type 1 plastic-coated hangers are more expensive than SWG hangers that are not coated in plastic; the cost of these plastic-coated hangers was about *** the cost of the other SWG hangers prior to the petition on SWG hangers from China. Afterwards, the price of these hangers became more competitive with non-plastic-coated SWG

²⁹ Petition, p. 19.

³⁰ *Steel Wire Garment Hangers from China, Inv. No. 731-TA-1123 (Preliminary)*, USITC Publication 3951, October 2007, p. 7.

³¹ Willert's posthearing brief, pp. 5-12. Commerce denied Willert's request to revise the scope of the investigation. *Steel Wire Garment Hangers from the People's Republic of China: Final Determination of Sales at Less Than Fair Value* 73 FR 47587, August 14, 2008. See "Commerce's Scope" section earlier in Part I.

³² U.S. manufacturers of these types of hangers include Styles Hanger Corp. (plastic, crystal, and wood); Robert Carlton Hangers by Bennett Wood Specialties, Inc. (wood); National Hanger Co. (plastic, wood, steel, and crystal); and Merrick (plastic and crystal). Willert's posthearing brief, Response 3 to Commissioner Questions, p. 25, fn. 46.

³³ ***. Staff telephone interview with *** and ***. Willert is a U.S. company that produces type 2 hangers in China. These hangers are dipped in plastic after hanger formation. Willert imports these hangers from China; it does not produce any SWG hangers in the United States. There is no known U.S. production of type 2 hangers. Hearing transcript, pp. 166-168, 196 (Warner).

³⁴ ***. Staff telephone interview with ***.

³⁵ Hearing transcript, p. 169 (Warner) and p. 172 (Schwesig).

hangers. ***.³⁶ Type 2 plastic-coated hangers are sold only to retail establishments. Dry cleaners reportedly do not use these hangers because of their higher cost (compared to non plastic-coated SWG hangers). Retail establishments find these hangers desirable because of the complete coverage of plastic on the hanger.³⁷

³⁶ About *** of the type 1 plastic-coated SWG hangers *** are sold to retail establishments and *** to the dry cleaning industry. Some dry cleaners prefer these hangers because they are more pleasant to handle and slide down rods more easily. ***. Staff telephone interview with ***. *See also* questionnaire response of Hangers of Canada (cover letter). Staff notes, however, that the only specific customers identified by *** in its questionnaire responses were *** and ***.

³⁷ *** and hearing transcript, pp. 168-171 (Warner). When Willert acquired the assets for its vinyl-coated SWG business from a hanger manufacturer, it signed a non-compete agreement with commercial hangers as part of the transaction. Hearing transcript, p. 168 (Warner). Willert's largest customer is *** percent of Willert's 2007 sales (Willert's importer questionnaire, section III-19).

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET CHARACTERISTICS

Channels of Distribution

As shown in table II-1, U.S. producers and U.S. importers ship SWG hangers to both distributors and end users. In 2005, a majority of U.S. producers' U.S. shipments was to distributors; thereafter, however, the majority was to end users.¹ Imported product from China is sold primarily through trading companies and distributors but the share sold to end users grew after 2005. Conference testimony on behalf of Fabricare Choice Distributor Group (a nationwide business cooperative of laundry/dry cleaning supply distributors) suggests that distributors have been handling a decreasing volume of domestically produced SWG hangers, and instead importing directly for re-sale to end users.² Distributors/importers include some former domestic producers, while typical end users include major dry-cleaning chains, industrial laundries, and the uniform rental industry.³

Regional Shipments

Producers and importers were asked to report the regions of the country in which their customers are located. Three of seven responding U.S. producers reported nationwide sales, one reported sales in four regions, one reported sales to two regions, one producer reported sales only on the West Coast, and another reported sales solely in Puerto Rico. Six of 26 responding importers reported nationwide sales; three reported sales to four to six regions; four shipped to two regions; and 13 reported shipping to only one region.

¹ Petitioner noted that there was not a change in its shipment method; rather, there was a decrease in its distributor business. According to petitioner, Chinese hangers first entered the market by selling to dry cleaners; thus, U.S. producers lost market share among distributors which typically sell to dry cleaners. Hearing transcript, pp. 110-111 (Magnus). In addition, M&B reported that its hanger shipments to distributors fell by *** percent between 2005 and 2007. Petitioner's posthearing brief, exhibit 1.

² As noted by the group's national accounts manager, as U.S. producers began producing or sourcing outside the United States, "distributors and end users (were left) with little option. Wire hanger products were now going to come from either Mexico or China. Many distributors found that the Chinese hanger business model worked much better for us." Conference transcript, pp. 115-166 (McCloud). The witness further observed that, "(b)y expanding the options that distributors have they can now participate directly if they so choose in importing and selling directly to the end user whereas before the distributors were really reliant upon the manufacturers to distribute their products to individual dry cleaners, and they were shut out of that what is now half the entire market." Conference transcript, pp. 142-143 (McCloud).

³ Conference transcript, p. 26 (Pedelty).

Table II-1

SWG hangers: U.S. producers' and importers' shares of reported U.S. shipments, by sources and channels of distribution, 2005-07, January-March 2007, and January-March 2008

Item	Calendar year			January-March	
	2005	2006	2007	2007	2008
	Share of reported shipments (<i>percent</i>)				
Domestic producers' U.S. shipments of SWG hangers to:					
Distributors	60.3	34.4	22.4	37.7	***
End users	39.7	65.6	77.6	62.3	***
U.S. importers' U.S. shipments of SWG hangers from China to:					
Distributors	97.4	88.2	72.0	79.1	71.1
End users	2.6	11.8	28.0	20.9	28.9
U.S. importers' U.S. shipments of SWG hangers from all other countries to:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
Source: Compiled from data submitted in response to Commission questionnaires.					

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, staff believes that U.S. producers have the ability to respond to changes in demand with relatively large increases in shipments of SWG hangers to the U.S. market, primarily because of their low levels of capacity utilization. However, the major reduction in U.S. producers' capacity since 2005 (to levels substantially below apparent U.S. consumption) does impose limits on the ability of U.S. producers to respond to demand changes. Factors contributing to this degree of responsiveness of supply are discussed below.

Industry capacity

Total U.S. capacity decreased from 2.2 billion SWG hangers in 2005 to 1.1 billion SWG hangers in 2007, but was *** in interim 2008 compared to 260.4 million in interim 2007. U.S. producers' reported capacity utilization for SWG hangers decreased from 68.9 percent in 2005 to 25.7 percent in 2007, but was *** percent in interim 2008 compared to 29.9 percent in interim 2007. The low levels of capacity utilization at the end of the period indicate that U.S. producers of SWG hangers have a substantial amount of available capacity with which they could increase production of SWG hangers in the short run in the event of a price increase.

Alternative markets

U.S. producers reported minimal export shipments in 2007, accounting for less than 0.05 percent of U.S. producers' total shipments. The low levels of exports during the period indicate that domestic producers of SWG hangers have little ability to shift shipments between the United States and other markets in the short run in response to price changes.

Inventory levels

Four of five responding U.S. producers reported selling 90-100 percent of their product from inventories, while the remaining producer, **, reported that *** percent of its hanger sales were from inventory. Producers reported that lead times from inventories ranged from 3 to 7 days, while lead times for produced to order product ranged from 7 to 30 days.

U.S. producers of SWG hangers reported that combined end-of-period inventories declined by *** percent during 2005-07, from *** hangers to *** hangers. The ratio of end-of-period inventories to total U.S. shipments of SWG hangers ranged from *** percent to *** percent during 2005-07, and was *** percent in January-March 2008. These levels of inventories suggest that U.S. producers have a somewhat limited ability to use inventories to respond to price changes.

Production alternatives

All responding U.S. producers reported that they do not produce other products on the same equipment or machinery or using the same labor force as used to produce SWG hangers.

Subject Imports from China

Based on available information, staff believes that Chinese producers of SWG hangers have the ability to respond to changes in demand with moderate to large changes in the quantity shipped to the U.S. market. The main factor contributing to this degree of responsiveness is unused capacity, because although capacity utilization is relatively high, the overall capacity on which this is based is high and has increased rapidly. The supply responsiveness of Chinese producers is constrained by an inability to produce other products using SWG hangers' production equipment, and very limited alternative markets.

Industry capacity

Fourteen responding Chinese producers reported capacity data. Chinese reported production capacity increased by 73.7 percent from approximately 1.8 billion SWG hangers in 2005 to 3.1 billion SWG hangers in 2007. Capacity is projected to stabilize at this level in 2008-09. Reported capacity utilization declined slightly from 81.5 percent in 2005 to 80.4 percent in 2007. These levels of capacity utilization indicate that Chinese hanger producers do have available capacity with which they could increase production of SWG hangers in the short run in the event of a price increase.

Inventory levels

Twelve of 24 responding importers sold all their product to order, seven reported selling all from inventories, and five sold both produced to order and from inventories. Importers' lead times ranged from 2 to 14 days from inventories and from 14 to 70 days for product produced to order. Between 2005 and 2007, U.S. importers' inventories more than tripled.

Responding Chinese hanger producers reported that end-of-period inventories fell from 51.1 million SWG hangers in 2005 to 40.0 million SWG hangers in 2007, and were 36.4 million SWG hangers

in interim 2008 compared to 43.5 million SWG hangers in interim 2007. Inventories, as a ratio to shipments of Chinese SWG hangers, also declined from 3.5 percent in 2005 to 1.6 percent in 2007; the ratio was 1.7 percent in interim 2007 and 1.9 percent in interim 2008. These data indicate that Chinese producers may be constrained in their ability to use inventories to increase shipments to the U.S. market in the short run.

Alternative markets

Responding Chinese hanger producers reported that their products were shipped principally to the U.S. market, secondarily to third-country markets, and finally to their home market, and that this shipment pattern is projected to continue in 2009. Exports to the United States accounted for 91.2 percent of all shipments of Chinese SWG hangers in 2007, down only slightly from the 92.3 percent share in 2005. In 2007, only 1.8 percent of total shipments were consumed in the Chinese home market and 7.0 percent were exported to other markets. Accordingly, Chinese producers are constrained in their ability to shift product between the United States and other markets in response to relative price changes.

Production alternatives

None of the Chinese SWG hanger producers reported producing other products using the same equipment used to produce SWG hangers. Therefore, they are constrained in their ability to shift production between SWG hangers and other products.

Nonsubject Imports

U.S. imports of SWG hangers from nonsubject sources accounted for between 11.4 and 23.2 percent of the quantity of total U.S. imports between 2005 and 2007.⁴ These imports were 14.0 percent of total U.S. imports of SWG hangers during January-March 2008. During this period, Mexico was the largest source of nonsubject SWG hangers in the U.S. market, followed by Canada. In April-June 2008, however, Vietnam surpassed Canada as the third-largest import source, accounting for less than 1 percent of total imports.

U.S. Demand

Demand Characteristics

Based on available information, U.S. consumers of SWG hangers are likely to respond to changes in the price of SWG hangers with relatively small changes in their purchases of SWG hangers. The main contributing factors to the low responsiveness of demand is the low cost share accounted for by SWG hangers in most end uses and the limited substitutes for SWG hangers.

SWG hangers are sold to retailers and dry cleaners, industrial laundries, uniform rental companies, and, textile/party rental companies. Many firms reported selling to more than one type of purchaser. Five of six responding producers and 10 of 14 responding importers reported selling to dry cleaners; four producers and four importers reported selling to uniform rental companies; two producers

⁴ As a share of apparent U.S. consumption (on a quantity basis), SWG hangers from nonsubject sources accounted for between 10.4 and 11.1 percent during 2005-07; in January-March 2008, nonsubject imports accounted for *** percent of apparent U.S. consumption.

and two importers reported selling to textile/party rental companies; one producer and two importers reported selling retail; and two importers reported selling to industrial laundries.⁵

Demand Trends

Apparent U.S. consumption of SWG hangers decreased from 2.9 billion in 2005 to 2.8 billion in 2006, but then increased to 3.3 billion SWG hangers in 2007. Apparent U.S. consumption of SWG hangers increased between the interim periods, from 778.8 million SWG hangers in interim 2007 to *** SWG hangers in interim 2008.⁶

Producers and importers were asked how U.S. demand for SWG hangers had changed since January 1, 2005. Two of seven producers and three of 23 responding importers reported that demand for SWG hangers had decreased since 2005; reasons cited were declines in dry cleaning, a shift to casual wear, rising U.S. prices and a significant decline in Chinese prices, closure of several U.S. manufacturing plants, and recycling of used hangers. Eleven importers but no U.S. producers reported that demand for SWG hangers has increased since 2005; reasons cited were better delivery, availability, consistency, and population growth. Two producers and six importers reported that demand has been largely unchanged since 2005. Three producers and three importers reported that demand had fluctuated since 2005 due to changes in the economy and rising costs of labor and raw materials (steel and oil).⁷

Purchasers identified as end users were asked if demand for their final products had changed since January 2005, and if this had affected their demand for SWG hangers. Four of 12 responding purchasers reported increasing demand; three, decreased demand; three, no change in demand; and two, fluctuating demand. Three purchasers reported in turn that changes in demand for their product had affected their demand for SWG hangers; one reported increased demand, one reported decreased demand, and one reported fluctuating demand.

Purchasers were asked whether their purchasing patterns for SWG hangers from domestic, subject, and nonsubject sources had changed since 2005 and the reason for any change (table II-2). Thirty-one of 45 responding purchasers reported that they had reduced purchases of U.S. product; and of these, 22 reported increased purchases from China, while 2 reported increased purchases from China and Mexico. Several reasons were given for changes in purchasing patterns; however, price was the most frequent reason given for why purchasers decreased purchases from U.S. suppliers and for why purchasers increased purchases from Chinese suppliers.

⁵ ***. The two importers that reported selling SWG hangers to retail consumers were ***. ***. ***.

⁶ Staff notes, however, that *** of the recent apparent growth (an estimated *** percent or more) reflects the absence of now-closed Navisa from the data and the period-to-period increase in importers' inventories.

⁷ At the hearing, one dry cleaner noted that demand for dry cleaning has been somewhat depressed due to the slowing economy. Hearing transcript, p. 96 (Dawson). However, this firm also noted that, in the long term as the economy improves, the demand for dry cleaning (and thus SWG hangers) will rebound. Hearing transcript, pp. 97-98 (Dawson). On the other hand, M&B stated that the uniform rental industry is very strong. Hearing transcript, p. 98 (Pedelty).

Table II-2
SWG hangers: Type of change in purchases reported by purchasers, by country, and reasons reported

Country	Type of change	Number of firms reporting (<i>reasons</i>)						
		Total	Price	Closure of producers	Availability	Loss to other country	Quality	Other ²
United States	Decrease	31	15	8	4	6	0	1
	Increase	2	0	0	2	0	1	0
	No change	2	0	0	0	0	0	0
	Fluctuate	0	0	0	0	0	0	0
China	Decrease	6	0	0	1	0	1	5
	Increase	34	17	3	4	4	1	4
	No change	0	0	0	0	0	0	0
	Fluctuate	4	0	0	1	0	0	2
Mexico	Decrease	1	1	0	0	0	0	0
	Increase	3	0	0	0	1	0	0
	No change	1	0	0	0	0	0	0
	Fluctuate	8	3	1	1	0	2	0

¹ The only firm reporting on its purchases from other countries, reported that these were unchanged.

² Other includes change in purchaser performance or operating environment, change in delivery terms, supplier becoming a consignee, supplier's refusal to sell, effect of the preliminary determination (prompting an increase in orders before initiation of duty and ultimate decrease).

Note.—Some purchasers reported more than one reason for changing purchases, and some did not report any reasons for changes.

Source: Compiled from data submitted in response to Commission questionnaires.

Substitute Products

Two U.S. producers, five importers and two purchasers reported possible substitutes for SWG hangers, including: cardboard, plastic, crystal, or wood hangers; recycled wire hangers; and hand folding garments. The U.S. producer that reported cardboard hangers as a substitute reported they have very limited applications because they do not travel well on conveyors, which is a requirement for dry cleaners and uniform rental companies. Hangers made from other materials were reported to be most viable as substitutes in retail sales, although one importer reported they could be used by dry cleaners.

Cost Share

Only one U.S. producer, two importers,⁸ and two purchasers estimated the share of the cost of SWG hangers for dry cleaners, laundries, and textile rental companies. Estimates given ranged from 0.5 to 7.5 percent.^{9 10}

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported SWG hangers depends upon such factors as relative prices, quality (e.g., strength, quality of the finish, proper shape, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, reliability of supply, payment terms, product services, etc.). Based on available data, staff believes that there is a high degree of substitutability between domestically produced SWG hangers and subject SWG hangers.¹¹

Forty-one purchasers describe themselves as distributor-resellers selling primarily to dry cleaners, industrial laundries, and uniform rental firms, although some also sold to distributors or retailers;¹² six purchasers reported they were end users. Most responding purchasers, 26 of 42, reported that they competed for sales to their customers with the manufacturer or importers from which they purchased SWG hangers. Purchasers were asked of which country(ies) product they had actual purchasing knowledge: 47 had knowledge of the Chinese product; 23 had knowledge of the U.S. product, and 17 knew of the Mexican product. Purchasers also reported they had knowledge of SWG hangers produced in Taiwan (1 firm reported), Korea (1 firm reported), and Vietnam (1 firm reported).

⁸ ***.

⁹ Fuller Supply, a distributor of laundry and dry cleaning products, stated that “hangers are only a small part of the dry cleaner’s total costs.” Hearing transcript, p. 47 (Little). Similarly, Belleair Bluffs Cleaners, a dry cleaning business, reported that “the cost of all dry cleaning supplies, including hangers and many other products, represents only eight percent of our gross receipts.” It further noted that “a hanger accounts for only about two percent of the cost of a dry cleaned pair of pants.” Hearing transcript, p. 52 (Dawson).

¹⁰ Respondents also noted that the cost of the hanger relative to the cost of the end product was small. Laidlaw estimated that this cost was “around one percent prior to the tariff and now it’s a little over two, 2.4 percent.” Hearing transcript, p. 193 (Schultz). However, the National Dry Cleaners Institute (NDI) reported that “though the cost of the overall expense may be small, the actual dollar amount is quite large. Hearing transcript, p. 190 (Lee). NDI presented results of a survey that it conducted which estimates the impact of the increased tariff on SWG hangers on the average dry cleaning business. According to NDI, the survey responses from 202 of its members indicate that the average dry cleaner will experience an \$8,000 decrease in revenue from 2007 to 2008 due to the increased cost of SWG hangers. Hearing transcript, pp. 184-185 (Lee).

¹¹ Willert Home Products (Willert) has argued that the vinyl dipped hangers that it imports from China do not compete with the domestic industry producing steel wire garment hangers. Willert’s posthearing brief, p. 1 and hearing transcript, pp. 167-169 (Schwesig). The vinyl dipped hangers imported by Willert, however, account for a very small percentage of total imports of SWG hangers from China; therefore, staff believes that the overall degree of substitution between domestic and Chinese imports is high.

¹² One distributor reported that it sold only to retailers.

Factors Affecting Purchasing Decisions

Major Factors in Purchasing

When asked if they always, usually, sometimes, or never purchase the lowest-priced SWG hangers, two of 45 responding purchasers reported “always,” 18 reported “usually,” 21 reported “sometimes,” and four reported “never.”

Purchasers were asked to identify the three major factors considered by their firm in selecting suppliers of SWG hangers (table II-3). Price was the most commonly cited factor, with 20 of 47 responding purchasers rating it as the most important factor, 16 rating it as the second most important factor, and 10 rating it as the third most important factor. Purchasers also frequently cited quality and availability as major purchase factors.¹³ Other factors reported in the top three factors by more than one firm were traditional supplier, reliability of supply, discounts, credit, and delivery time.

Table II-3
SWG hangers: Ranking of factors used in purchasing decisions, as reported by U.S. purchasers

Factor	Number of firms reporting		
	First factor	Second factor	Third factor
Price	20	16	10
Availability	11	11	7
Quality	9	16	9
Traditional supplier	5	0	0
Reliability of supply	1	1	6
Discounts	1	0	1
Credit	0	0	5
Delivery time	0	0	2
Other ¹	0	1	2

¹ Other factors cited include product consistency as second most important factor; and pre-arranged agreement and service as third most important factors.

Source: Compiled from data submitted in response to Commission questionnaires.

When asked if they had changed their purchasing patterns since January 2005, 26 of 47 responding purchasers reported changes. Changes reported included longer lead times since shifting to Chinese product, and that their Chinese suppliers were no longer price competitive.

Thirty-five purchasers reported factors that they considered when choosing a supplier for SWG hangers. Factors included price, quality, reliability, quality, lead time, delivery, availability, terms and discounts, and financial conditions. Only three of 41 responding purchasers reported that any supplier had failed to qualify their SWG hangers. These three firms reported that certain U.S. and Chinese firms,

¹³ Factors that purchasers reported determined the quality of SWG hangers included: strength, including the wire gauge and quality of paper tubes; finish, including smoothness of metal, appearance, and quality of paint or coating; proper shape, including tight connected twist, proper neck bend, and consistent size; quality of paper and packaging; and customer acceptance.

including ***, had failed to qualify because of inconsistencies in shape and size and unreliability of supply.

Importance of 15 Specific Purchasing Factors

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions for SWG hangers (table II-4). Forty-six of 47 responding purchasers reported that reliability of supply and availability were “very important” in their purchasing decisions for SWG hangers. Other factors rated as very important by the majority of responding purchasers (and number of purchasers) were price (43); product consistency (41); quality that meets industry standards (35); delivery time (34); delivery terms (27); and discounts offered (24).

Table II-4
SWG hangers: Importance of factors in purchasing decisions, as reported by U.S. purchasers

Factor	Number of firms reporting		
	Very important	Somewhat important	Not important
Availability	46	1	0
Delivery terms	27	17	3
Delivery time	34	11	2
Discounts offered	24	17	6
Extension of credit	18	20	6
Minimum quantity requirements	10	12	25
Packaging	17	25	4
Price	43	4	0
Product consistency	41	6	0
Product range	15	26	6
Quality exceeds industry standards	11	20	14
Quality meets industry standards	35	12	0
Reliability of supply	46	1	0
Technical support/service	7	19	21
U.S. transportation costs	18	17	12

Source: Compiled from data submitted in response to Commission questionnaires.

Eighteen of 47 responding purchasers reported specifically ordering SWG hangers from one country in particular over other possible sources of supply. Reasons cited for buying from a particular country included price, quality, availability, delivery time, inventory costs, brand loyalty, and preliminary dumping duties. Purchasers were also asked if certain grades, types, or sizes of SWG hangers were available from only a single source, and five purchasers responded in the affirmative. Two purchasers reported that SWG hangers were only available from China, one reported that only U.S. companies produced 10 ½ gauge hangers, and another reported that *** provided a limited quantity of specialty items.

Purchasers were asked if they require certification or prequalification of their suppliers of SWG hangers. Ten of 38 responding purchasers reported that they required prequalification, with nine requiring it for all of its purchases and the other reporting that in 2007 it required prequalification for 90 percent because of shortages resulting from the antidumping investigation. Certification or prequalification for SWG hangers tends to be relatively simple; some purchasers report that they require that the product meet their specifications, some purchasers require samples, and others require that product meet customers expectations.

Purchasers were asked how often they are aware of the country of origin of the SWG hangers that they purchase, how often they know the manufacturer, and how often their buyers are interested in the country of origin of the goods they supply. Their responses are summarized in the following tabulation.

Factor	Always	Usually	Sometimes	Never
Aware of product's country of origin	23	10	5	4
Know manufacturer of the product	10	6	23	4
Buyers aware of/interested in products' country of origin	1	12	23	7

Source: Compiled from data submitted in response to Commission questionnaires.

Purchasers also were asked how often domestically produced SWG hangers, subject imports, and nonsubject imports meet minimum quality specifications. As can be seen from the following tabulation, the vast majority of responding purchasers reported that SWG hangers from the United States and from China always or usually meet minimum quality specifications.

Country meeting minimum quality specifications:	Always	Usually	Sometimes	Never
United States	13	21	1	1
China	10	31	2	1
Mexico	5	9	3	4

Source: Compiled from data submitted in response to Commission questionnaires.

Thirty-nine purchasers reported the number of firms contacted before making a purchase; 18 reported contacting 1 or 2 suppliers, 16 contacted 3 suppliers,¹⁴ and 5 purchasers contacted up to 5 suppliers. Thirty-one of 46 responding purchasers reported that they have changed suppliers at least once since 2005 and 15 reported that they have not. Reasons for changing suppliers included price, supplier went out of business, quality, service, terms, discounts, tariffs, availability, reliability, and product defects. Fourteen of 45 responding purchasers indicated that they were aware of new foreign or domestic suppliers that entered the SWG market since 2005. Reported new entrants included DHT, Goodman Wire Products, Shanti Industries, Clea International, U.S. Hangers, Express Supply, KC's Supply, Mandain Supply, Cleaners Friend, and Global Supply.¹⁵

¹⁴ Four of these 16 firms reported contacting 2 or 3 suppliers.

¹⁵ U.S. Hangers, Express Supply, KC's Supply, Mandain Supply, Cleaners Friend, and Global Supply are all located in Chicago.

Purchasers were asked if they changed their purchases of SWG hangers from China because of the filing of the petition and/or because of Commerce's preliminary determination. Eighteen of 47 purchasers responded in the affirmative; the most often cited reasons were the possibility that U.S. manufacturers may resume production and the current tariff rate that ended the price advantage enjoyed by Chinese SWG hangers. *** indicated that it will shift its purchases to producers located in the United States and Vietnam because of the preliminary determination. One of the purchasers, ***, that reported it would continue purchasing Chinese product stated "we must purchase from China. All but one domestic source were forced out of business due to China."¹⁶ At the hearing, Fuller Supply noted that Chinese prices have increased substantially as a result of the antidumping case being filed and as a result, Fuller Supply is now able to purchase from U.S. companies because their pricing is competitive.¹⁷

Comparison of Domestic Products, Subject Imports, and Nonsubject Imports

U.S.-produced and Chinese SWG hangers were reported to be comparable by a majority of purchasers with respect to delivery terms, discounts offered, extension of credit, minimum quantity requirements, packaging, quality meeting industry standards, quality exceeding industry standards, product range, and U.S. transportation costs (table II-5). A majority of firms indicated that U.S.-produced SWG hangers were superior in terms of delivery time and that the Chinese product was superior (i.e., lower) with regard to price. For availability, product consistency, and technical support/service, most firms reported that the U.S. product was superior or comparable to the Chinese product. Responses were mixed with regard to reliability of supply, with about one third of responding firms reporting that the U.S. product was superior, one third reporting that the U.S. and Chinese products were comparable, and one third reporting that the U.S. product was inferior to the Chinese product.

A majority of purchasers reported that U.S. and Mexican hangers were comparable with respect to delivery terms, discounts offered, extension of credit, minimum quantity requirements, packaging, product consistency, quality meeting industry standards, quality exceeding industry standards, product range, reliability of supply, and technical support/service. A majority of responding purchasers indicated that U.S.-produced SWG hangers were superior in terms of delivery time and U.S. transportation costs, while half the firms reported that U.S. SWG hangers were inferior to Mexican product in terms of price (i.e., U.S. product priced higher). With regard to availability, six purchasers reported that the U.S. product was superior, six reported that the U.S. and Mexican products were comparable, and two reported that the U.S. product was inferior.

¹⁶ *** purchaser questionnaire response.

¹⁷ Hearing transcript, p. 50 (Little).

Table II-5
SWG hangers: Purchasers' comparisons of domestic and imported products

Factor	U.S. vs. China			U.S. vs. Mexico			China vs. Mexico		
	S	C	I	S	C	I	S	C	I
Availability	15	15	8	6	6	2	4	1	10
Delivery terms	14	19	4	2	11	0	6	5	3
Delivery time	22	9	3	7	5	0	2	1	10
Discounts offered	5	25	7	0	13	0	6	7	1
Extension of credit	6	31	0	0	13	0	1	8	5
Price ¹	4	6	28	2	5	7	14	0	1
Minimum quantity requirements	16	20	1	2	11	0	0	12	2
Packaging	10	27	1	0	14	0	1	12	2
Product consistency	18	18	2	5	9	0	2	7	6
Quality meets industry standards	13	23	2	4	10	0	1	8	5
Quality exceeds industry standards	9	24	2	1	12	0	1	11	1
Product range	9	29	0	1	13	0	1	13	0
Reliability of supply	13	12	12	0	8	5	8	2	3
Technical support/service	17	17	3	5	8	0	0	5	8
U.S. transportation costs ¹	14	20	2	9	4	0	1	4	8

¹ A rating of superior means that price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior," it means that the price of U.S. product was generally lower than the price of the imported product.

Note.—"S" = domestic product superior, "C" = domestic product comparable, "I" = domestic product inferior. Not all purchasers responded for each characteristic.

Source: Compiled from data submitted in response to Commission questionnaires.

Most purchasers reported that Chinese and Mexican SWG hangers were comparable with respect to extension of credit, minimum quantity requirements, packaging, quality meeting industry standards, quality exceeding industry standards, and product range. A majority of purchasers reported that Chinese SWG hangers were superior to Mexican SWG hangers with regard to price and reliability of supply, while a majority of purchasers reported that Mexican SWG hangers were superior to Chinese SWG hangers with regard to product availability, delivery time, technical support/service, and U.S. transportation costs. For delivery terms and discounts offered, most firms reported that the Chinese product was superior or comparable, while for product consistency, most firms reported that the Mexican product was superior or comparable.

Producers, importers, and purchasers were asked whether SWG hangers from the United States, China, Mexico, and other countries can "always," "frequently," "sometimes," or "never" be used

interchangeably (table II-6). Most producers, importers, and purchasers reported that SWG hangers from the United States and from other countries were always interchangeable.

Table II-6
SWG hangers: Perceived degree of interchangeability of products produced in the United States and other countries¹

Country comparison	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. China	6	1	0	0	12	0	1	3	28	13	1	0
U.S. vs. Mexico	6	0	0	0	8	0	1	0	13	7	0	0
U.S. vs. other countries	3	0	0	0	4	0	0	0	2	0	0	0
China vs. Mexico	4	0	0	0	6	0	1	0	11	9	0	0
China vs. other countries	2	0	0	0	4	0	0	0	3	0	0	0
Mexico vs. other countries	2	0	0	0	4	0	0	0	3	0	0	0

¹ Producers, importers, and purchasers were asked if SWG hangers produced in the United States and in other countries are used interchangeably.

Note.--“A” = Always, “F” = Frequently, “S” = Sometimes, “N” = Never.

Source: Compiled from data submitted in response to Commission questionnaires.

Some producers, importers, and purchasers provided additional information. One U.S. producer, ***, noted that price is nearly always the only significant factor in sales of SWG hangers but that sometimes the Chinese are unable to supply a consistent quality of latex hangers to the rental uniform market on a reliable delivery basis. According to ***, in those few situations, customers are willing to forego the dumped Chinese price in order to get consistent and dependable quality and delivery. Another U.S. producer, ***,¹⁸ listed the following factors that limit or influence interchangeability: “actual gauge of metal of a hanger versus claimed gauge, actual quality (form of hangers) versus Chinese quality, actual quantity, and claimed quantity, and consistent quality means that hangers perform better on conveyor systems (length and bend of hook).” Importer *** reported that interchangeability was limited since its imports are powder-coated while domestic hangers are dipped and that the powder-coated hangers will not rust like dipped hangers and have a much smoother surface. *** reported that its customers have rejected dipped hangers and that powder-coated hangers have their own niche market and are superior to dipped ones. One purchaser, ***, reported that Chinese and U.S. SWG hangers are generally interchangeable, but Chinese hangers are of a lighter gauge (thinner wire). Several other purchasers indicated that a few very sophisticated sorting systems require narrow tolerances in hook length and curvature.

Producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of SWG hangers from the United States, subject countries, and nonsubject countries (table II-7). The majority of producers and importers reported that differences other than price were sometimes or never significant for all country pairs. Purchaser responses were more mixed, with

¹⁸ ***.

more purchasers reporting that such differences between U.S. and Chinese hangers were always or frequently significant. Comparing U.S. and Mexican products and Chinese and Mexican products, a small majority of purchasers reported that there were only sometimes or never significant differences other than price. The few responding purchasers for other nonsubject countries reported that differences other than price were never significant.

Table II-7

SWG hangers: U.S. producer, importer, and purchaser perceptions of the importance of non-price differences in purchases of SWG hangers from the United States and other countries¹

Country comparison	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. China	0	1	3	2	5	0	7	4	14	7	10	8
U.S. vs. Mexico	0	0	2	2	1	0	3	2	7	3	4	8
U.S. vs. other countries	0	0	1	1	1	0	2	1	0	0	0	2
China vs. Mexico	0	0	1	2	1	0	2	3	7	3	6	6
China vs. other countries	0	0	0	1	1	0	3	1	0	0	0	2
Mexico vs. other countries	0	0	0	1	1	0	2	1	0	0	0	3

¹ Producers, importers, and purchasers were asked if differences other than price between SWG hangers produced in the United States and in other countries are a significant factor in their firms' sales or purchases of SWG hangers.

Note.--"A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never.

Source: Compiled from data submitted in response to Commission questionnaires.

In addition to the factors mentioned in the discussion on interchangeability, purchasers reported other factors that they considered significant. A number of purchasers reported that U.S. product was not available. One purchaser reported that the Chinese product was necessary because there is now virtually no domestic production, that the failure of the United States to provide protection 5 years ago "devastated the market," and that Chinese prices "forced it overseas." One purchaser reported that U.S. cardboard tube is better quality. One purchaser reported that there were no significant differences, since most of the machines used to produce SWG hangers in China come from the United States. In addition, one producer/importer reported that Chinese SWG hanger suppliers were not always able to supply a consistent quality of latex hangers to the rental uniform market on a reliable delivery basis. One importer stated that the overall quality, including the paint and packaging, of SWG hangers from China was better than those offered by U.S. producers; it also reported that it was easier to work with Chinese companies because of their similar ethnicity. Another importer stated that U.S. producers were not willing to negotiate prices and feared that the U.S. producers would have exclusive distributors from which it would be excluded.

ELASTICITY ESTIMATES

This section discusses elasticity estimates. Parties were requested to provide any comments in their prehearing briefs and any comments are noted where appropriate.

U.S. Supply Elasticity¹⁹

The domestic supply elasticity for SWG hangers measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of SWG hangers. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced SWG hangers.

In the short term, SWG hanger producers are likely to respond to changes in price with relatively large changes in the quantity shipped to the U.S. market. Supply responsiveness is enhanced by available capacity, but limited by the low level of inventories and the small amount of exports. Analysis of these factors earlier indicates that the U.S. industry has the ability to be able to increase or decrease shipments to the U.S. market; an estimate in the range of 2 to 5 is suggested.²⁰

U.S. Demand Elasticity

The U.S. demand elasticity for SWG hangers measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of SWG hangers, and is likely to be low. This estimate depends on factors discussed earlier, such as the limited existence, availability, and commercial viability of substitute products, as well as the small component share of the SWG hangers in the downstream products. Based on the available information, the aggregate demand for SWG hangers is likely to be inelastic; a range of 0.2 to 0.4 is suggested.²¹

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.²² Product differentiation, in turn, depends upon such factors as quality (both perceived and actual), and conditions of sale (availability, sales terms/discounts/promotions, etc.). While firms report some differences between U.S. and Chinese product, overall differences are limited. Based on available information, the elasticity of substitution between domestic and subject SWG hangers is likely to be in the range of 5 to 10.²³

¹⁹ A supply function is not defined in the case of a non-competitive market.

²⁰ Petitioner agreed with staff's estimate for the elasticity of domestic supply. Petitioner's prehearing brief, p. 20.

²¹ Petitioner agreed that the demand elasticity for SWG hangers was low. Petitioner's prehearing brief, p. 15.

²² The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like product(s) to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

²³ Petitioner agreed with staff's estimate of the substitution elasticity. Petitioner's prehearing brief, p. 23.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the margin of dumping was presented earlier in this report, and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of seven current or former firms that accounted for *** percent of U.S. production of SWG hangers during 2007 and all confirmed U.S. production in January-March 2008.

U.S. PRODUCERS

The petition identified three current and seven former U.S. producers of SWG hangers. The Commission received completed questionnaire responses from the petitioner and from six other firms.¹ Table III-1 presents U.S. producers' positions on the petition, ownership, plant locations, and shares of total reported U.S. production in 2007. This table has estimated production for Navisa, a company that did not respond to the Commission's questionnaire or other requests for data but actively produced SWG hangers through at least a portion of 2007. *** producers support the petition, *** oppose it, and the remainder have not responded. Producers accounting for *** percent of U.S. production in 2007 support the petition, producers accounting for *** percent oppose the petition, and producers accounting for *** percent have expressed no position. *** active U.S. producers in 2008 support the petition. Table III-2 presents important industry events since 2003.

¹ Current producers Ganchos, M&B, Metro, Shanti, and former producers Laidlaw, Merrick (***), and United Wire responded to questionnaires. The Commission did not receive questionnaires from former producers Navisa, Rocky Mountain Hanger, and East West Enterprises. Former producers CHC and Nagel Manufacturing ceased operations in 2003 and 2004, respectively, prior to the period for which data were collected. Swan Hangers, Navisa, and East West Enterprises were rumored to be producing SWG hangers. Petitioner's posthearing brief exh. 2, p. 3. Staff, however, has confirmed that while *** did consider producing SWG hangers, it did not opt to do so. Staff has confirmed production of SWG hangers by *** (a company owned by a former official of ***), however it is very recent and has been ***. Staff telephone interview with ***, August 19, 2008; and ***, August 26, 2008.

Table III-1

SWG hangers: U.S. producers, positions on the petition, ownership, plant locations, and shares of total U.S. production, 2007

Firm	Position on petition	Firm ownership	U.S. plant location(s)	2007 U.S. production	
				Quantity (1,000 hangers)	Share (percent)
Ganchos	***	none	Caguas, Puerto Rico	***	***
Laidlaw ¹	Oppose	JEB Corp. *** Silkroad Laidlaw ***	Metropolis, IL Monticello, WI	***	***
M&B	Petitioner	none	Leeds, AL South Hill, VA	***	***
Merrick	***	none	Waco, TX	***	***
Metro	***	none	Montebello, CA	***	***
Navisa ²	(³)	(³)	Brenham, TX	***	***
Shanti ⁴	***	none	Foothill Ranch, CA Monticello, WI Mayfield, KY	***	***
United Wire ⁵	Oppose	none	Hasbrouck Heights, NJ	***	***
Total				***	100.0
<p>¹ Stopped production in 2007. ² Navisa did not respond to Commission requests for data; all data presented here are from the petition, exhibit 10. Navisa stopped production in 2007. ³ Not provided. ⁴ Purchased Laidlaw's Monticello, WI plant and began production in 2007; production is expected to begin at the Mayfield, KY facility in the third quarter of 2008. ⁵ Stopped production in 2006.</p> <p>Note.—Total U.S. production in this table includes estimates for Navisa which are not included elsewhere in this report.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires and from Petition, exhibits 5, 7, 8, and 10.</p>					

**Table III-2
SWG hangers: Important industry events, 2003-08**

Year	Company	Description of event (merger, shutdown, bankruptcy, change in capacity)
2003	CHC	Filed for bankruptcy protection and liquidated all of its assets in November, laying off 325 employees.
	Laidlaw	Bought CHC's Baltimore, MD plant.
	M&B	Purchased the assets of CHC's Jacksonville, FL plant and relocated the equipment.
	Navisa	Acquired CHC's Brenham, TX plant and began operating the facility in 2004.
	United Wire	Purchased the assets from CHC's Gadsden facility in Alabama and relocated the equipment to Mexico.
2004	Laidlaw	Closed its Delaware facility and its Baltimore, MD factory and reduced production by about 25 jobs at its Metropolis, IL plant.
	Nagel	Filed a notice of dissolution in Georgia in September.
	U.S. Hanger	Shut down operations.
2005	Laidlaw	Closed its Kingman, AZ plant in August.
	M&B	Closed South Hill, VA plant, laying off 67 employees.
	United Wire	Reduced production, laying off approximately 100 employees.
2006	Laidlaw	Closed its plant in Ontario in April, and its plant in Metropolis, IL, in September; was purchased by SilkRoad Resources.
	M&B	*** employees laid off at Leeds due to loss of a major customer.
	United Wire	Closed its plant in New Jersey, discontinued domestic production, laying off *** employees, and now acts as an importer of Chinese garment hangers.
2007	Laidlaw	Closed its Wisconsin factory, laying off 90 employees.
	M&B	At the beginning of the year, reduced production, laying off 20 employees; opened new warehouse in Eagle Pass. In August began hiring employees in anticipation of filing the petition.
	Merrick	Stopped production of SWG hangers in Waco, TX in March.
	Metro	Acquired *** machines from ***; *** hours of operation; and *** production on ***.
	Navisa	Closed its plant on April 2, laying off 70 employees.
	Shanti	Purchased the Wisconsin and Illinois facilities formerly operated by Laidlaw; however, Shanti ***.
2008	Merrick	***.
	Shanti	***.

Source: Compiled from information submitted in response to Commission questionnaires, the petition, posthearing briefs, and from the hearing transcript.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Table III-3 presents data on U.S. producers' capacity, production, and capacity utilization between 2005 and 2007, and interim data for 2007 and 2008.² The data are graphically presented in figure III-1.

Reported U.S. production of SWG hangers decreased from 1.5 billion hangers in 2005 to under 300 million hangers in 2007. However, production was higher in January-March 2008 than in January-March 2007. Capacity also fell over the period, but was higher in January-March 2008 than in January-March 2007, as both measures reflected the exit of larger producers and the growth of certain smaller producers. The average capacity utilization for U.S. producers fell from 68.9 percent in 2005 to 25.7 percent in 2007, but was higher in January-March 2008 than in January-March 2007. U.S. producers' reported capacity decreased by 51.8 percent from 2005 to 2007 and was below apparent U.S. consumption in each year and interim period for which data were collected, such that by January-March 2008 reported capacity was equivalent to only *** of apparent U.S. consumption.^{3 4 5 6}

Table III-3
SWG hangers: U.S. capacity, production, and capacity utilization, 2005-07, January-March 2007, and January-March 2008

Item	Calendar year			January-March	
	2005	2006	2007	2007	2008
Capacity (1,000 hangers)	2,188,508	1,650,619	1,055,570	260,364	***
Production (1,000 hangers)	1,508,585	681,843	271,237	77,850	***
Capacity utilization (percent)	68.9	41.3	25.7	29.9	***

Source: Compiled from data submitted in response to Commission questionnaires.

Figure III-1
SWG hangers: U.S. capacity, production, and capacity utilization, 2005-07, January-March 2007, and January-March 2008

* * * * *

Generally, U.S. producers of SWG hangers reported facility closures and production consolidation and curtailment from 2005 to 2007, consistent with the decreasing levels of capacity and production presented in table III-3. M&B reported the closures of its Virginia plant and other firm's

² The data in this and other tables in Part III are shown on a company-by-company basis and aggregated based on whether SWG hanger production is ongoing or has ceased altogether. Staff classified Merrick's operation with those of the active producers because it is ***. E-mail from ***, June 23, 2008.

³ At the hearing, M&B reported it is currently producing twice the number of hangers that it was when the case was filed. Equipment is being added and by the end of 2009 production is expected to be four times what it was in 2007. Hearing transcript, p. 30 (Magnus).

⁴ Metro ***.

⁵ On May 15, 2008, a portion of M&B's roof collapsed, affecting about *** percent of the facility. Production was ***. E-mail from ***, July 2, 2008; and "Roof Collapses at M&B's Alabama Facility," *American Drycleaner*, May 15, 2008.

⁶ As discussed above, Shanti Industries Inc. is planning to open a third hanger plant in Mayfield, KY. Production is to begin by the third quarter of 2008. Petitioner's posthearing brief exh. 2, pp. 1-2.

operations due to competition with lower priced Chinese SWG hangers.⁷ Additionally, United Wire ceased production in 2006 and now imports SWG hangers from China ***. Laidlaw reported that it began closing manufacturing plants in order to change its business model, moving towards importation, and away from production, of SWG hangers.⁸ Navisa ceased production in 2007, and Merrick ***. Recently, however, this trend has begun to reverse, as Shanti has begun production in two operations, and plans to begin production in a third, while Merrick ***.

Reported constraints in the manufacturing process for U.S. producers of SWG hangers include the machinery used to produce the hangers, as well as labor availability, maintenance of the machines, market constraints, and consistent orders.

U.S. PRODUCERS' SHIPMENTS

Table III-4 presents information on U.S. producers' shipments of SWG hangers since 2005. ***. U.S. producers' U.S. commercial shipments of SWG hangers decreased by 53.2 percent by quantity (and 55.3 percent by value) from 2005 to 2006, and such shipments decreased by a further 59.9 percent by quantity (59.3 percent by value) between 2006 and 2007, for a total reduction of 81.2 percent by quantity (81.8 percent by value).⁹ Additionally, the quantity of commercial shipments was lower in January-March 2008 than in January-March 2007, while the value of commercial shipments increased, reflecting the noticeable increase in the average unit value of U.S. producers' U.S. shipments. *** had no commercial shipments in January-March 2008.

Two U.S. producers reported exporting hangers, which constituted a modest portion of the quantity of U.S. producers' shipments of SWG hangers throughout the period for which data were collected. U.S. producers of SWG hangers reported exporting to Canada and Mexico.

Table III-4
SWG hangers: U.S. producers' shipments, by types, 2005-07, January-March 2007, and January-March 2008

Item	Calendar year			January-March	
	2005	2006	2007	2007	2008
Quantity (1,000 hangers)					
U.S. shipments	1,541,264	721,553	289,409	90,885	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Value (1,000 dollars)					
U.S. shipments	67,976	30,360	12,362	3,710	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***

Table continued on next page.

⁷ Hearing transcript, pp. 24 and 43 (Magnus); hearing transcript, p. 69 (Magrath).

⁸ Conference transcript, pp. 98, 105-107 (Goldman), and questionnaire responses of United Wire and Laidlaw.

⁹ Laidlaw and United Wire's reported commercial shipments in 2007 were equivalent to only *** percent of the quantity of their 2005 commercial shipments, while M&B's 2007 commercial shipments were equivalent to *** percent of the quantity of its 2005 commercial shipments.

Table III-4 – Continued
SWG hangers: U.S. producers’ shipments, by types, 2005-07, January-March 2007, and
January-March 2008

Unit value (per 1,000 hangers)					
U.S. shipments	\$44.10	\$42.08	\$42.71	\$40.82	\$***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Note.--Because of rounding, figures may not add to the totals shown.					
Note.-- In April 2008, Laidlaw began providing wire rod for SWG hanger producer Shanti, which converted the material and in turn sold it back to Laidlaw. Hearing transcript, pp. 216-217 (Schultz).					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-5 presents information on U.S. producers’ U.S. commercial shipments of hangers by type in 2007. Over three-quarters of U.S. shipments by quantity of SWG hangers in 2007 were uniform rental hangers (the larger portion of which were latex uniform rental hangers). Low-volume drapery hangers commanded the highest average unit values, while suit hangers and uniform hangers commanded the lowest average unit values. Included in the category “other” steel wire garment hangers are the following: large slack hangers, skirt hangers, polo hangers, dress hangers, juvenile hangers, specialty hangers, higher gauge shirt hangers, king-size hangers, and vinyl-coated steel garment hangers. *** was the only responding U.S. producer to report production of hangers other than SWG hangers.

Table III-5
Hangers: U.S. producers’ U.S. shipments by type of hanger, 2007

Type of hanger	Quantity (1,000 hangers)	Value (\$1,000)	Unit value (per 1,000 hangers)
Steel wire garment hangers:			
Shirt hangers	12,971	639	\$49.23
Suit hangers	6,116	234	38.22
Strut hangers	***	***	***
Caped hangers	***	***	***
Drapery hangers	***	***	***
Latex uniform rental hangers	***	***	***
Other uniform rental hangers	***	***	***
Other steel wire garment hangers	10,856	579	53.31
Subtotal	289,409	12,362	42.71
Wooden garment hangers	0	0	(¹)
Plastic garment hangers	***	***	***
Aluminum garment hangers	0	0	(¹)

Table continued on next page.

Table III-5 – Continued
Hangers: U.S. producers' U.S. shipments by type of hanger, 2007

Type of hanger	Quantity (1,000 hangers)	Value (\$1,000)	Unit value (per 1,000 hangers)
Other garment hangers	0	0	(¹)
Subtotal	***	***	***
Total/average	***	***	***

¹ Not applicable.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' IMPORTS AND PURCHASES

During the period for which data were collected, *** U.S. producers imported SWG hangers from China, *** imported SWG hangers from Mexico, and *** imported from Canada.¹⁰ Two U.S. producers purchased SWG hangers. Table III-6 presents data, by company, on domestic producers' direct imports, purchases of imported product, and purchases from other domestic producers.

Table III-7 presents combined data of the six domestic producers' direct imports, purchases of imported product, and purchases from other domestic producers. U.S. producers of SWG hangers sourced SWG hangers from other domestic producers, China (both direct imports and purchases from importers), and directly from Mexico and Canada. U.S. producers' imports from China *** from 2005 to 2007, while their imports from nonsubject sources increased by *** percent from 2005 to 2007. U.S. producers' purchases of SWG hangers imported from China fluctuated upward over the period, and decreased in interim 2008. The ratio of subject imports to production increased from *** percent in 2005 to *** percent in 2007. Over the entire period, *** imported *** SWG hangers than it produced (mostly from ***); *** imported *** SWG hangers from China than it produced; and *** imported and purchased from China *** it produced. These ratios increased over time (or in the case of *** reflected *** on imported SWG hangers). The reasons cited for making these imports and purchases are presented in table III-6.

Table III-6
SWG hangers: Selected U.S. producers' imports, purchases, and ratios to production, 2005-07, January-March 2007, and January-March 2008

* * * * *

Table III-7
SWG hangers: U.S. producers' imports, purchases, and ratios to production, 2005-07, January-March 2007, and January-March 2008

* * * * *

¹⁰ ***.

U.S. PRODUCERS' INVENTORIES

Table III-8, which presents end-of-period inventories for SWG hangers, shows that inventories were relatively low as a ratio to total shipments. Each of the larger U.S. producers ***, resulting in a noticeable decline in U.S. inventories after 2005.

Table III-8

SWG hangers: U.S. producers' end-of-period inventories, 2005-07, January-March 2007, and January-March 2008

* * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-9 presents data on U.S. producers' employment-related indicia. Employment of production-related workers ("PRWs") in the U.S. SWG hanger industry declined by 69.2 percent between 2005 and 2007, and hours worked decreased by 80.1 percent.^{11 12} Wages paid to PRWs also declined from 2005 to 2007. Hours worked per PRW decreased from 2005 to 2007, but were higher in January-March 2008 than in January-March 2007. Unit labor costs, productivity, and hourly wages fluctuated over the period for which data were collected.

Table III-9

SWG hangers: U.S. producers' employment-related data, 2005-07, January-March 2007, and January-March 2008

Item	Calendar year			January-March	
	2005	2006	2007	2007	2008
Production and related workers (PRWs)	451	234	139	122	***
Hours worked by PRWs (1,000 hours)	987	428	196	59	***
Average Hours worked per PRW:	2,187	1,830	1,412	481	***
Wages paid to PRWs (1,000 dollars):	13,959	6,117	2,759	845	***
Hourly wages	\$14.15	\$14.28	\$14.05	\$14.39	\$***
Productivity (hangers produced per hour)	1,529	1,592	1,382	1,326	***
Unit labor costs (per 1,000 hangers)	\$9.25	\$8.97	\$10.17	\$10.85	\$***

Source: Compiled from data submitted in response to Commission questionnaires.

¹¹ Employees that formerly produced SWG hangers at Laidlaw and United Wire were not absorbed within their continuing businesses, but instead were laid off. Conference transcript, p. 139 (Schultz, Goldman).

¹² Both M&B and Shanti have reported increases in hiring of employees since the Commission's affirmative determination in the preliminary investigation. Hearing transcript, p. 40 (Carmody) and p. 43 (Patel). PRWs and hours worked were lower in January-March 2008 than in January-March 2007, however, as growth at M&B and Shanti did not fully offset the departure of Laidlaw.

PART IV: U.S. IMPORTS, APPARENT U.S. CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

Table IV-1 presents information on U.S. importers. All of the importers that submitted data in response to the Commission's U.S. importers' questionnaire indicated that they imported SWG hangers from China.¹ These 27 firms' imports of SWG hangers from China account for *** percent of total U.S. imports from China by quantity in 2007, as measured by official Commerce statistics.²

Two of the importers that submitted data in response to the Commission's U.S. importers' questionnaire also indicated that they imported SWG hangers from Mexico: U.S. producer M&B and ***. These two firms' imports of SWG hangers from Mexico account for *** of U.S. imports from Mexico by quantity in 2007.

Additionally, *** reported imports from Canada. *** reported imports from Canada account for *** percent of total U.S. imports from Canada, by quantity, in 2007, as measured by official Commerce statistics.

U.S. IMPORTS

Imports from Subject and Nonsubject Sources

Table IV-2 and figure IV-1 present and depict U.S. imports of SWG hangers during 2005 to 2007 and January-March 2007 and 2008. U.S. import data are based on official Commerce statistics for SWG hangers.³ U.S. imports of SWG hangers from China increased by more than 150 percent, rising from 1.0 billion SWG hangers in 2005 to nearly 2.7 billion hangers in 2007.

¹ Willert Home Products ("Willert") contends that the hangers it imports from China (and ***) are different than SWG hangers because they are dipped in vinyl, have a distinct physical appearance, have distinct packaging, have a different end use when compared to SWG hangers, and have different distribution channels. Willert contends that these differences constitute a separate domestic like product. *See* Respondent Willert's posthearing brief, pp. 8-14.

² One company, ***, was unable to respond because it was dissolved prior to receiving the questionnaire. Additionally, *** did not submit a full questionnaire, but reported *** purchase orders from China of *** SWG hangers between November 18, 2005 and December 1, 2005, which comprised a total value of *** and *** SWG hangers. Three companies, ***, also returned questionnaires, but the data provided were unusable, and the firms were unable to provide revisions. Additionally, one company, ***, submitted a questionnaire, but only reported imports in 2006.

³ HTS statistical reporting number 7326.20.0020.

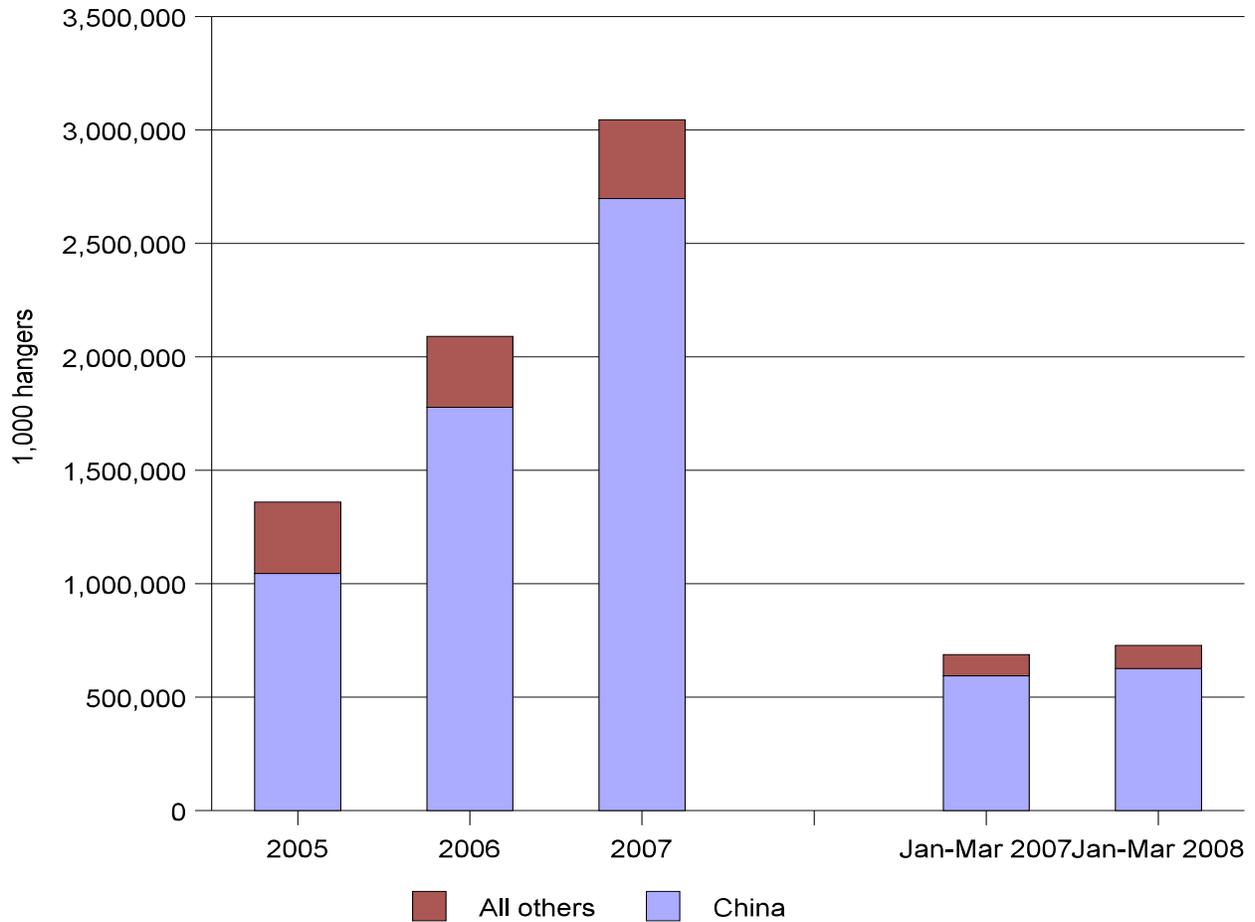
Table IV-1
SWG hangers: U.S. importers and imports, by source, 2007

Importer	China	All others	China	All others	Share of total imports ¹
	Quantity (1,000 hangers)		Share by source (percent) ¹		(percent)
Ace Capital	***	***	***	***	***
ANA Systems	***	***	***	***	***
Chuwg Hwa Prince Group	***	***	***	***	***
Clea Int'l Sourcing	***	***	***	***	***
Clean & Clear Supply	***	***	***	***	***
Fabricare	***	***	***	***	***
GoSource USA	***	***	***	***	***
KC Supply	***	***	***	***	***
Laidlaw	***	***	***	***	***
M&B Metal Products	***	***	***	***	***
Max Asie (USA)	***	***	***	***	***
Merrick	***	***	***	***	***
NC Supply	***	***	***	***	***
Nuclear Supply Inc	***	***	***	***	***
Peter Paul Yee	***	***	***	***	***
Shanti Industries	***	***	***	***	***
Texas Cleaners Supply	***	***	***	***	***
Tyler International	***	***	***	***	***
United Trading Company	***	***	***	***	***
United Wire Hanger	***	***	***	***	***
Unitex Int'l.	***	***	***	***	***
Wah Hing Lee Investment	***	***	***	***	***
Walgreen	***	***	***	***	***
Hong Kong Wells	***	***	***	***	***
Willert Home Products	***	***	***	***	***
Winca	***	***	***	***	***
Y&S International Trading	***	***	***	***	***
Subtotal	2,128,225	***	78.9	***	***
Official Commerce imports	2,697,369	347,824			
¹ Shares are based on official import statistics.					
Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics.					

Table IV-2
SWG hangers: U.S. imports, by sources, 2005-07, January-March 2007, and January-March 2008

Source	Calendar year			January-March	
	2005	2006	2007	2007	2008
Quantity (1,000 hangers)					
China	1,044,701	1,777,680	2,697,369	593,419	626,354
Other sources	315,631	312,182	347,824	94,469	102,094
Total	1,360,331	2,089,862	3,045,193	687,888	728,448
Value (1,000 dollars)¹					
China	39,445	56,335	83,595	17,342	22,682
Other sources	12,231	10,928	11,802	3,147	3,812
Total	51,677	67,263	95,397	20,489	26,494
Unit value (per 1,000 hangers)¹					
China	\$37.76	\$31.69	\$30.99	\$29.22	\$36.21
Other sources	38.75	35.01	33.93	33.31	37.34
Average	37.99	32.19	31.33	29.79	36.37
Share of quantity (percent)					
China	76.8	85.1	88.6	86.3	86.0
Other sources	23.2	14.9	11.4	13.7	14.0
Total	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
China	76.3	83.8	87.6	84.6	85.6
Other sources	23.7	16.2	12.4	15.4	14.4
Total	100.0	100.0	100.0	100.0	100.0
¹ Landed, duty-paid.					
Source: Compiled from official Commerce statistics.					

Figure IV-1
SWG hangers: Quantity of subject and nonsubject U.S. imports, 2005-07, January-March 2007,
and January-March 2008



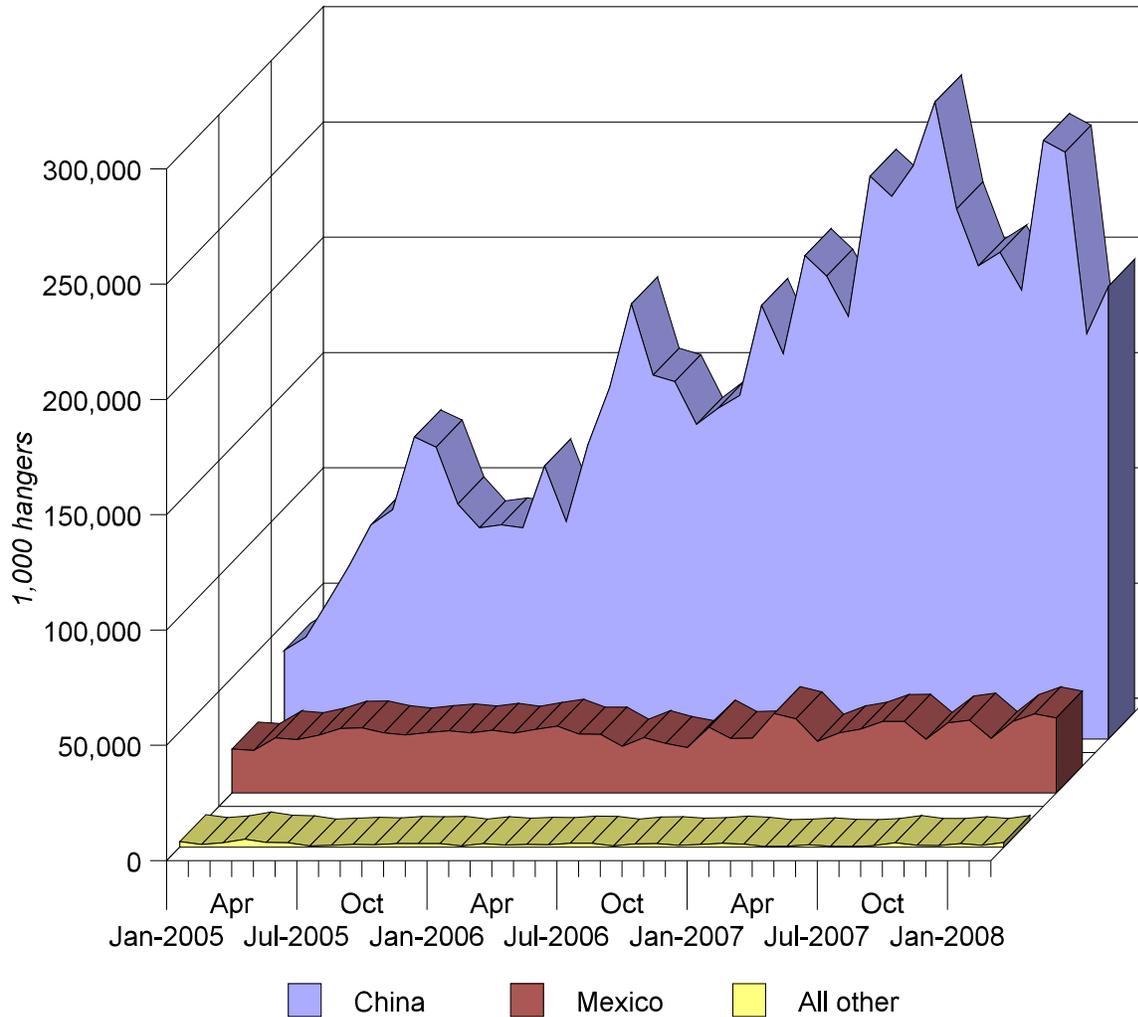
Source: Table IV-2.

As shown in table IV-3, China is the largest single source of U.S. imports of SWG hangers. Mexico (11.1 percent of U.S. imports of SWG hangers in 2007), Canada (0.2 percent), and the next largest sources of imports, Korea, Taiwan, and Hong Kong (together accounting for less than 0.1 percent), as well as 22 other countries, also exported SWG hangers to the United States during the period for which data were collected. U.S. imports from all nonsubject sources increased by 10.2 percent between 2005 and 2007, and were 8.1 percent higher in interim 2008 than in interim 2007. Figure IV-2 presents monthly imports from China, Mexico, and all other sources over the period for which data were collected.

Table IV-3
SWG hangers: U.S. imports, by sources, 2005-07, January-March 2007, and January-March 2008

Source	Calendar year			January-March	
	2005	2006	2007	2007	2008
Quantity (1,000 hangers)					
China	1,044,701	1,777,680	2,697,369	593,419	626,354
Canada	12,092	7,498	5,720	2,357	1,192
Hong Kong	2,175	786	417	180	710
Korea	22	2,662	1,825	619	526
Mexico	296,503	298,282	337,603	90,430	97,855
Taiwan	4,149	2,418	533	2	154
Other sources	689	537	1,727	883	1,658
Total	1,360,331	2,089,862	3,045,193	687,888	728,448
Value (1,000 dollars)¹					
China	39,445	56,335	83,595	17,342	22,682
Canada	1,177	889	801	242	209
Hong Kong	261	136	97	20	85
Korea	24	148	89	19	36
Mexico	9,291	9,269	10,654	2,828	3,341
Taiwan	1,379	341	68	4	73
Other sources	99	146	92	33	68
Total	51,677	67,263	95,397	20,489	26,494
Unit value (per 1,000 hangers)¹					
China	\$37.76	\$31.69	\$30.99	\$29.22	\$36.21
Canada	97.34	118.51	139.96	102.90	175.03
Hong Kong	120.04	172.59	233.02	108.82	120.09
Korea	1,062.89	55.44	48.88	30.35	67.68
Mexico	31.34	31.08	31.56	31.28	34.14
Taiwan	332.42	140.97	128.48	2,729.33	475.48
Other sources	143.92	272.69	53.34	37.81	41.25
Average	37.99	32.19	31.33	29.79	36.37
<p>¹ Landed, duty-paid.</p> <p>Note. – U.S. imports of SWG hangers from Vietnam were 0 in 2007. They were 584,000 units (valued at \$36.32 per 1,000 hangers) in January - March 2008 and 4.2 million units (valued at \$63.67 per 1,000 hangers) in April-June 2008 (surpassing the level of U.S. imports from Canada in 2008 year-to-date).</p> <p>Source: Compiled from official Commerce statistics.</p>					

Figure IV-2
SWG hangers: Monthly imports, January 2005 - March 2008



Source: Compiled from official Commerce statistics.

The quantity of subject imports increased by 70.2 percent between 2005 and 2006 and by 51.7 percent between 2006 and 2007, raising the share of total imports accounted for by subject imports from 76.8 percent in 2005 to 88.6 percent in 2007. Total imports increased during 2005-07 by 123.9 percent.

According to the import data presented in table IV-3, subject imports from China in 2005 had a lower average unit value than nonsubject imports, with the exception of imports from Mexico. Between 2005 and 2007, the average unit value for nonsubject imports from Mexico remained stable while the average unit value for subject imports from China decreased by nearly 18 percent, to a level lower than that for imports from Mexico. In interim 2008, nearly all average unit values were higher than those in interim 2007.⁴

⁴ In contrast, nonsubject imports from Canada have a relatively higher average unit value because ***. E-mail from ***, June 25, 2008, and ***.

Negligibility

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.⁵ Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.⁶ Subject imports from China accounted for 87.7 percent of total imports of SWG hangers by quantity between July 2006 and June 2007.⁷

U.S. Imports by Type

Tables IV-4, IV-5, and IV-6 present data on reported 2007 U.S. imports of SWG hangers by type from China, Mexico, and Canada, respectively.

Table IV-4
Hangers: Reported U.S. imports from China, by type, 2007

Item	Quantity (1,000 hangers)	Value (1,000 dollars)	Unit value (per 1,000 hangers)
Subject: Shirt hangers	515,294	15,247	\$29.59
Suit hangers	113,277	3,967	35.02
Strut hangers	464,311	17,379	37.43
Caped hangers	203,278	7,582	37.30
Drapery hangers	13,967	762	54.53
Latex uniform rental hangers	483,921	19,005	39.27
Other uniform hangers	86,249	3,162	36.66
Other SWG hangers	104,142	4,104	39.41

Table continued on next page.

⁵ Section 733(a)(1) of the Act.

⁶ Section 771(24) of the Act.

⁷ Calculated from official Commerce statistics.

Table IV-4 – Continued
Hangers: Reported U.S. imports from China, by type, 2007

Item	Quantity (1,000 hangers)	Value (1,000 dollars)	Unit value (per 1,000 hangers)
Subtotal, SWG hangers	1,984,440	71,206	35.88
Nonsubject:			
Wooden garment hangers	0	0	(¹)
Plastic garment hangers	***	***	***
Aluminum hangers	0	0	(¹)
Other garment hangers	0	0	(¹)
Subtotal, other hangers	***	***	***
Total	***	***	***

¹ Not applicable.

Source: Compiled from data submitted in response to Commission questionnaires.

In 2007, shirt hangers comprised 26.0 percent of U.S. imports of SWG hangers from China by quantity, followed by latex uniform rental hangers at 24.4 percent, and strut hangers at 23.4 percent. All other types of hangers made up 10.2 percent or less of U.S. imports, by quantity. Drapery hangers had the highest average unit value among identified subject hangers, at \$54.53 per 1,000 hangers (but comprised less than 1 percent of imports, by quantity), followed by “other” SWG hangers at \$39.41 and latex uniform rental hangers at \$39.27. At \$29.59, shirt hangers had the lowest average unit value (and the highest quantity of imports).⁸

Imports of “other” SWG hangers include ***. Importers that imported SWG hangers from China also imported nonsubject plastic garment hangers, but in relatively *** volumes.

Table IV-5
Hangers: Reported U.S. imports from Mexico, by type, 2007

* * * * *

In 2007, strut hangers comprised *** percent of U.S. imports of SWG hangers from Mexico by quantity, followed by shirt hangers at *** percent and latex uniform rental hangers at *** percent. Strut hangers had the *** average unit value among subject hangers, at \$*** per 1,000 hangers, followed by “other” SWG hangers at \$*** and caped hangers at \$***. At \$***, shirt hangers had the lowest average unit value. Suit, strut, and caped hangers imported from Mexico all had *** average unit values than those imported from China, while shirt hangers and uniform hangers from Mexico had *** average unit values.⁹ “Other” SWG hangers imported from Mexico include ***.

⁸ Willert’s imports of vinyl-coated hangers from China had a *** average unit value than the “basket” category of “other” SWG hangers, at \$*** per thousand hangers, but was still *** than the average unit value for drapery hangers.

⁹ ***’s imports from Mexico of ***, which fall in the “other” SWG hangers category, had an average unit value of ***.

Table IV-6
Hangers: Reported U.S. imports from Canada, by type, 2007

* * * * *

In 2007, the only reported imports of hangers from Canada were subject “other” SWG hangers imported by ***. These hangers were produced by ***. Their average unit value is nearly *** the value of any other subject hanger imported from either China or Mexico.

U.S. Imports by Customs District

Table IV-7 presents the Customs districts of entry for subject imports of SWG hangers from 2005 to 2007 and January-March 2007 and 2008. Los Angeles, CA, was the largest district of entry for imports from China, accounting for 39.6 percent of total subject imports from 2005 to 2007 and approximately two times the quantity of imports landed at any other port. New York, NY, was the next largest port with 18.2 percent of subject imports. Three of the top four ports of entry were on the West Coast.

Table IV-7
SWG hangers: U.S. imports from China, by Customs district, 2005-07, January-March 2007, and January-March 2008

Customs district	Calendar year			January-March	
	2005	2006	2007	2007	2008
Quantity (1,000 hangers)					
Los Angeles, CA	471,630	752,838	960,715	229,712	224,008
New York, NY	90,557	368,070	546,392	111,542	132,926
Seattle, WA	91,166	111,490	244,292	52,012	67,745
San Francisco, CA	83,810	103,798	130,751	56,788	21,276
Houston-Galveston, TX	74,208	67,201	116,955	24,140	16,348
Savannah, GA	42,887	63,792	104,701	15,745	18,280
Baltimore, MD	27,863	54,070	79,454	16,445	17,185
Charleston, SC	8,630	9,980	55,188	14,824	6,490
Norfolk, VA	45,747	45,249	52,300	8,756	13,420
Chicago, IL	14,962	28,486	52,181	9,658	11,398
St. Louis, MO	1,295	15,102	49,095	1,090	8,360
Dallas-Fort Worth, TX	12,938	26,320	44,576	6,104	18,056
Tampa, FL	5,098	21,418	37,822	7,834	10,322
Miami, FL	11,028	22,183	29,745	9,356	10,770
Boston, MA	8,618	11,184	27,784	928	1,070
Minneapolis, MN	2,908	5,409	24,379	4,058	7,643
Charlotte, NC	21,160	18,889	22,568	2,680	0
Philadelphia, PA	1,580	4,174	19,468	3,655	2,218
San Juan, PR	5,859	2,560	16,970	7,120	7,690
Cleveland, OH	2,860	6,808	16,432	2,155	8,543
Columbia-Snake, OR	5,055	12,337	14,061	1,960	3,933

Table continued on following page.

Table IV-7 – Continued

SWG hangers: U.S. imports from China, by Customs district, 2005-07, January-March 2007, and January-March 2008

Customs district	Calendar year			January-March	
	2005	2006	2007	2007	2008
Quantity (1,000 hangers)					
Detroit, MI	2,923	4,713	12,364	686	4,235
Great Falls, MT	4,848	8,650	10,534	1,700	4,174
New Orleans, LA	2,027	2,986	9,630	1,855	4,784
Mobile, AL	0	3,583	8,534	1,466	3,768
Honolulu, HI	2,529	3,299	6,608	974	1,002
El Paso, TX	0	1,974	3,601	0	633
Buffalo, NY	235	160	266	177	0
San Diego, CA	0	956	0	0	0
Nogales, AZ	2,277	0	0	0	0
St. Albans, VT	0	0	0	0	75
Anchorage, AK	0	3	0	0	0
Total	1,044,701	1,777,680	2,697,369	593,419	626,354
Source: Compiled from official Commerce statistics.					

APPARENT U.S. CONSUMPTION, U.S. MARKET SHARES, AND RATIOS OF IMPORTS TO U.S. PRODUCTION

Table IV-8 presents data on apparent U.S. consumption of SWG hangers. Table IV-9 presents data on U.S. market shares. Figure IV-3 graphically illustrates apparent U.S. consumption.

Table IV-8
SWG hangers: Apparent U.S. consumption, by sources, 2005-07, January-March 2007, and
January-March 2008

Item	Calendar year			January-March	
	2005	2006	2007	2007	2008
Quantity (1,000 hangers)					
U.S. producers' U.S. shipments	1,541,264	721,553	289,409	90,885	***
U.S. imports from--					
China	1,044,701	1,777,680	2,697,369	593,419	626,354
All other sources	315,631	312,182	347,824	94,469	102,094
Total imports	1,360,331	2,089,862	3,045,193	687,888	728,448
Apparent U.S. consumption	2,901,595	2,811,415	3,334,602	778,773	***
Value (1,000 dollars)					
U.S. producers' U.S. shipments	67,976	30,360	12,362	3,710	***
U.S. imports from--					
China	39,445	56,335	83,595	17,342	22,682
All other sources	12,231	10,928	11,802	3,147	3,812
Total imports	51,677	67,263	95,397	20,489	26,494
Apparent U.S. consumption	119,653	97,623	107,759	24,199	***
<p>Note.— U.S. producers' U.S. shipments of vinyl coated hangers (all of which were type I) were *** units in 2005, *** units in 2006, *** units in 2007, *** units in January - March 2007, and *** units in January - March 2008. U.S. imports of vinyl coated hangers from China were *** units in 2005, *** units in 2006, *** units in 2007, *** units in January - March 2007, and *** units in January - March 2008. U.S. imports of vinyl coated hangers from all other sources were *** units in 2005, *** units in 2006, *** units in 2007, *** units in January - March 2007, and *** units in January - March 2008.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.</p>					

Apparent U.S. consumption increased by 14.9 percent between 2005 and 2007.¹⁰ Imports more than doubled between 2005 and 2007 while U.S. producers' U.S. shipments decreased by 81.2 percent. From 2005 to 2007, imports of SWG hangers from China increased by 158.2 percent, while imports from nonsubject sources increased by 10.2 percent. Imports from China and nonsubject sources were higher in January-March 2008 than in January-March 2007, while U.S. producers' shipments were lower.

¹⁰ Staff notes, however, that much of the recent apparent growth reflects the absence of now closed Navisa from the data (which Petitioners estimated produced *** in 2005 and 2006 and *** in 2007). Petition, ex. 10; table VII-3.

Table IV-9
SWG hangers: Apparent U.S. consumption and market shares, by sources, 2005-07,
January-March 2007, and January-March 2008

Item	Calendar year			January-March	
	2005	2006	2007	2007	2008
Quantity (1,000 hangers)					
Apparent U.S. consumption	2,901,595	2,811,415	3,334,602	778,773	***
Value (1,000 dollars)					
Apparent U.S. consumption	119,653	97,623	107,759	24,199	***
Share of quantity (percent)					
U.S. producers' U.S. shipments	53.1	25.7	8.7	11.7	***
U.S. imports from-- China	36.0	63.2	80.9	76.2	***
Nonsubject countries	10.9	11.1	10.4	12.1	***
All countries	46.9	74.3	91.3	88.3	***
Share of value (percent)					
U.S. producers' U.S. shipments	56.8	31.1	11.5	15.3	***
U.S. imports from-- China	33.0	57.7	77.6	71.7	***
Nonsubject countries	10.2	11.2	11.0	13.0	***
All countries	43.2	68.9	88.5	84.7	***
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.					

U.S. producers' share of the quantity and value of apparent U.S. consumption of SWG hangers decreased substantially from 2005 to 2007, while subject imports from China increased in both share of quantity and share of value. Subject imports accounted for a higher percentage of the U.S. market with respect to quantity than with respect to value in each year and interim period. Throughout the period for which data were collected, nonsubject imports accounted for a relatively stable share of the market in terms of quantity and value (in 2007, nonsubject imports accounted for 10.4 percent of the U.S. market by quantity, and 11.0 percent of the U.S. market by value).

Figure IV-3
SWG hangers: Apparent U.S. consumption, by sources, 2005-07, January-March 2007, and
January-March 2008

* * * * *

Table IV-10 presents information on the ratio of subject and nonsubject imports to U.S. production of SWG hangers. Subject imports increased from 69.3 percent of U.S. production in 2005 to 99.5 percent of U.S. production in 2007. Nonsubject imports also increased over this period, growing from 20.9 percent of U.S. production in 2005 to 128.2 percent of the quantity of U.S. production in 2007.

Table IV-10

SWG hangers: Ratios of U.S. imports to U.S. production, by sources, 2005-07, January-March 2007, and January-March 2008

Item	Calendar year			January-March	
	2005	2006	2007	2007	2008
U.S. production (in 1,000 hangers)	1,508,585	681,843	271,237	77,850	***
Ratio to U.S. production (<i>percent</i>)					
U.S. imports from-- China	69.3	260.7	994.5	762.3	***
Nonsubject countries	20.9	45.8	128.2	121.3	***
All countries	90.2	306.5	1,122.7	883.6	***
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.					

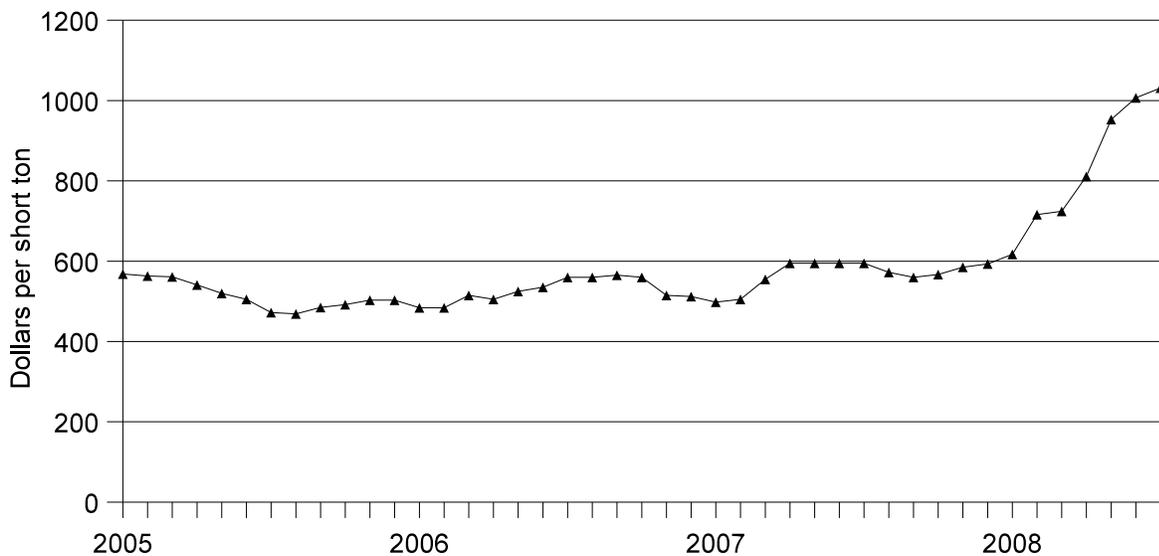
PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

The primary raw material used in the production of SWG hangers in the United States is low-carbon steel wire. Producers can either form the wire from wire rod (in an “integrated” production operation) or purchase pre-formed wire (in a “non-integrated” operation). The trend in wire materials costs reflected the rise in the price of wire rod in 2007 and 2008. Figure V-1 shows monthly prices of wire rod from January 2005 through July 2008. Since January 2005, prices of low-carbon steel wire rod have risen by 81.5 percent, and they have more than doubled since January 2007. Between 2005 and 2007, the share of cost of goods sold accounted for by raw materials increased from *** percent to *** percent. By the first quarter of 2008, the share reached *** percent.

Figure V-1
Low-carbon steel wire rod: U.S. domestic spot prices, f.o.b., Midwest, monthly, January 2005-July 2008



Source: *Purchasing Magazine*.

Transportation Costs to the U.S. Market

Transportation costs for SWG hangers from China to the United States (excluding U.S. inland costs) in 2007 are estimated to be approximately 18.1 percent of the customs value for subject product from China. These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.¹

¹ These estimates are based on HTS statistical reporting number 7326.20.0020.

U.S. Inland Transportation Costs

U.S. inland transportation costs, as a share of total delivered cost for SWG hangers, were reported by three U.S. producers to be between 8 and 10 percent of the delivered price.² The 20 responding Chinese importers³ reported that U.S. inland transportation costs generally ranged from 1 to 25 percent of the total delivered costs, with 16 reporting transportation costs of 10 percent or less, and averaging 9.5 percent. All U.S. producers and 23 of 26 responding importers reported that their firm arranged for transportation.⁴

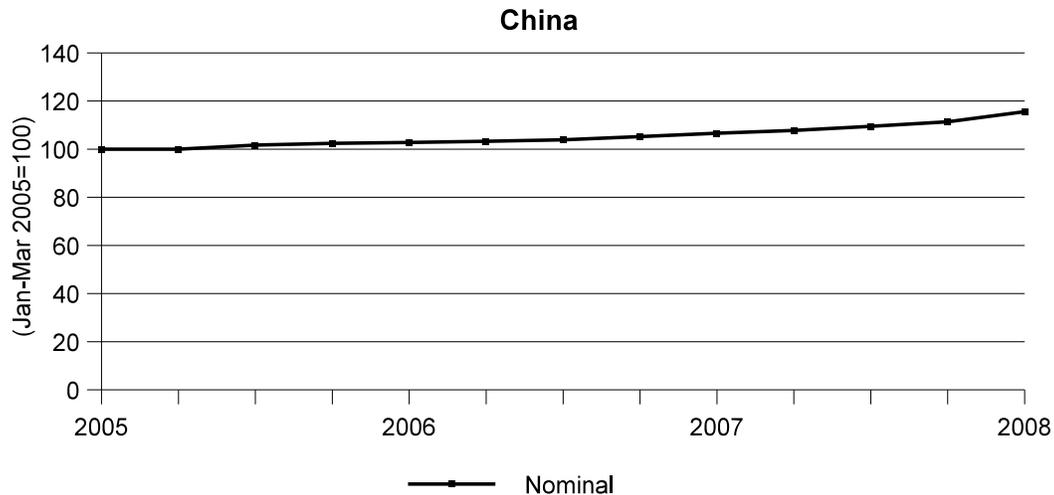
Producers and importers also were asked to estimate the share of their sales that occurred within certain distance ranges. On average, U.S. producers reported that 46.7 percent of their sales occurred within 100 miles of their production or warehouse facility, 35.0 percent between 101 and 1,000 miles, and 18.3 percent more than 1,000 miles.⁵ Importers reported shipping 44.2 percent of shipments within 100 miles; 25.4 percent between 101 and 1,000 miles; and 30.4 percent more than 1,000 miles.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Chinese currency appreciated 15.6 percent relative to the U.S. dollar from the first quarter of 2005 to the first quarter of 2008 (figure V-2). A real exchange rate could not be computed because of the lack of a producer price index in China.

Figure V-2

Exchange rates: Index of the nominal exchange rate of the currency of China relative to the U.S. dollar, by quarters, January 2005-March 2008



Source: International Monetary Fund, *International Financial Statistics* online, <http://imfstatistics.org/imf>, retrieved May 12, 2008.

² The other producer with a response less than 100 percent reported inland transportation costs of 3 percent.

³ This excludes data from importers that reported questionable inland transportation costs of 80 percent or greater.

⁴ One producer noted that it arranges transportation for *** of its sales.

⁵ Based on a simple average.

PRICING PRACTICES

Four of six U.S. producers reported that all of their sales are made on a spot basis, while the other two reported short-term contracts in addition to spot sales.⁶ Contracts for these producers range between three and 12 months and contain prices that can be renegotiated. Fourteen of the 25 responding importers sell exclusively on the spot market, five sell exclusively via short-term contracts, and six sell on both a spot and short-term contract basis. The average contract length for importers was less than three months and five of 11 importers will renegotiate prices within the contract.⁷

Three of seven responding U.S. producers reported using transaction-by-transaction negotiations, three use set price lists, while the remaining producer negotiates prices on a customer basis, based on quantities and prevailing market conditions. Three producers do not offer discounts, three offer quantity/volume discounts,⁸ and one offers customer-dependent discounts. Nineteen of the 27 responding importers reported that their prices are determined on a transaction-by-transaction basis, four employ set price lists, three determine prices based on their costs, and three use other methods.⁹ Fifteen of 27 responding importers reported offering no discounts, nine offered quantity/volume discounts, and the remaining three offered some other type of discount. Most U.S. producers and importers reported typical sales terms of net 30 days and usually quoted prices on a delivered basis.

PRICE DATA

The Commission requested U.S. producers and importers of SWG hangers to provide quarterly data for the total quantity and net f.o.b. (U.S. point of shipment) value of certain SWG hangers sold to unrelated customers in the U.S. market during January 2005-March 2008. The products for which pricing data were requested are defined as follows:

Product 1.--18-inch white shirt hangers

Product 2.--13 gauge/16-inch plain caped hangers

Product 3.--13 gauge/16-inch stock print caped hangers

Product 4.--14½ gauge/16-inch plain caped hangers

Product 5.--14½ gauge/16-inch plain print caped hangers

Product 6.--16-inch strut hangers

Product 7.--13 gauge/16-inch latex hangers

Product 8.--13 gauge/16-inch suit hangers

Five U.S. producers, 26 importers of SWG from China, one importer from Mexico, and one importer from Taiwan provided usable pricing data for sales of the requested products, although not all firms reported pricing for all quarters.¹⁰ Reported pricing data accounted for 28.1 percent of the total quantity of U.S. producers' shipments during January 2005-March 2008 and 55.9 percent of imports from China. Pricing data are presented in tables V-1 to V-8 and figure V-3. Table V-9 summarizes trends in the pricing data.

⁶ These short-term contracts accounted for *** percent of the producers' sales.

⁷ *** had the longest contracts, extending to 12 months with provisions for price renegotiation.

⁸ One of these producers only offers a *** discount to ***.

⁹ Two of these importers determine prices both on a transaction-by-transaction basis and using price lists.

¹⁰ Data shown in part V include prices reported by Laidlaw and United. Price data excluding those firms are presented in app. D.

A total of 102 quarterly price comparisons were possible between domestic and imported Chinese SWG hangers. Prices of imported Chinese products 1-8 were lower than prices of U.S. products in 100 of 102 quarters for which comparisons were available; margins ranged from 2.0 to 51.7 percent with an average margin of 27.2 percent. In 2 comparisons, Chinese prices were 3.3 and 23.4 percent higher than U.S. prices; the average margin of overselling was 13.4 percent.¹¹

Purchasers were asked if prices in the U.S. market for SWG hangers generally increased, decreased, stayed the same, or fluctuated since 2005. Responses are shown in the following tabulation.

Year	Stayed the same	Increased	Decreased	Fluctuated
2005	16	9	11	4
2006	9	8	19	5
2007	4	26	6	7
2008	2	36	2	3
Source: Compiled from data submitted in response to Commission questionnaires.				

The most common reasons cited for increases in prices were rising raw material, labor, energy, and transportation costs (freight); pending antidumping duties; a reduction in Chinese government exemptions (reduction in VAT rebates by the Chinese government on steel); availability of product; and the value of the dollar in relation to the RMB. Reasons given for declining prices include competitive pricing from China, hangers can be easily produced in many countries of the world, and declining demand.

¹¹ Average margins of underselling are simple averages.

Table V-1

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	\$***	***	\$25.05	64,692	***	\$***	***
Apr.-June	***	***	25.87	79,027	***	***	***
July-Sept.	***	***	26.05	60,713	***	***	***
Oct.-Dec.	***	***	26.65	65,156	***	***	***
2006:							
Jan.-Mar.	***	***	23.56	39,986	***	***	***
Apr.-June	***	***	23.61	62,238	***	***	***
July-Sept.	***	***	22.52	65,515	***	***	***
Oct.-Dec.	***	***	22.69	68,874	***	***	***
2007:							
Jan.-Mar.	***	***	22.99	85,642	***	***	***
Apr.-June	***	***	23.71	111,675	***	***	***
July-Sept.	***	***	24.64	89,536	***	***	***
Oct.-Dec.	***	***	29.05	95,376	***	***	***
2008:							
Jan-Mar.	***	***	29.85	103,847	***	***	***
Product 1: 18-inch white shirt hangers.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table V-2

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	\$***	***	\$41.02	13,468	***	\$***	***
Apr.-June	***	***	41.02	13,279	***	***	***
July-Sept.	***	***	42.41	12,413	***	***	***
Oct.-Dec.	***	***	41.63	14,573	***	***	***
2006:							
Jan.-Mar.	***	***	38.81	12,374	***	***	***
Apr.-June	***	***	42.04	10,809	***	***	***
July-Sept.	***	***	37.80	13,409	***	***	***
Oct.-Dec.	***	***	38.49	14,653	***	***	***
2007:							
Jan.-Mar.	***	***	36.15	10,001	***	***	***
Apr.-June	***	***	35.59	12,308	***	***	***
July-Sept.	***	***	39.19	10,959	***	***	***
Oct.-Dec.	***	***	39.80	12,575	***	***	***
2008:							
Jan-Mar.	***	***	45.63	14,178	***	***	***
Product 2: 13 gauge /16-inch plain caped hangers.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table V-3

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	\$***	***	\$31.98	9,161	***	\$***	***
Apr.-June	***	***	30.77	10,801	***	***	***
July-Sept.	***	***	29.30	8,548	***	***	***
Oct.-Dec.	***	***	33.84	9,785	***	***	***
2006:							
Jan.-Mar.	***	***	26.89	9,777	***	***	***
Apr.-June	***	***	28.28	10,980	***	***	***
July-Sept.	***	***	32.14	10,640	***	***	***
Oct.-Dec.	***	***	29.99	10,952	***	***	***
2007:							
Jan.-Mar.	***	***	30.08	8,913	***	***	***
Apr.-June	***	***	29.14	15,328	***	***	***
July-Sept.	***	***	34.66	11,215	***	***	***
Oct.-Dec.	***	***	32.55	13,884	***	***	***
2008:							
Jan-Mar.	***	***	36.42	10,605	***	***	***
Product 3: 13 gauge /16-inch stock print caped hangers.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table V-4

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	\$***	***	\$33.30	10,830	***	\$***	***
Apr.-June	***	***	33.73	10,854	***	***	***
July-Sept.	***	***	33.23	10,204	***	***	***
Oct.-Dec.	***	***	32.39	9,487	***	***	***
2006:							
Jan.-Mar.	***	***	31.68	8,280	***	***	***
Apr.-June	***	***	30.09	9,173	***	***	***
July-Sept.	***	***	29.20	11,404	***	***	***
Oct.-Dec.	***	***	28.78	11,040	***	***	***
2007:							
Jan.-Mar.	***	***	29.27	7,867	***	***	***
Apr.-June	***	***	28.32	9,979	***	***	***
July-Sept.	***	***	31.57	9,585	***	***	***
Oct.-Dec.	***	***	31.74	9,701	***	***	***
2008:							
Jan-Mar.	***	***	34.79	7,924	***	***	***

Product 4: 14½ gauge /16-inch plain capped hangers.

Note.-- One importer reported pricing data for Taiwan for the first three quarters of 2006; prices ranged from *** and quantities ranged from ***.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-5

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	\$48.06	1,214	\$33.46	11,216	30.4	\$***	***
Apr.-June	45.87	1,532	37.22	8,602	18.9	***	***
July-Sept.	***	***	36.75	8,487	***	***	***
Oct.-Dec.	***	***	35.44	9,406	***	***	***
2006:							
Jan.-Mar.	***	***	36.77	6,483	***	***	***
Apr.-June	***	***	31.72	14,182	***	***	***
July-Sept.	***	***	29.54	18,456	***	***	***
Oct.-Dec.	***	***	29.22	15,196	***	***	***
2007:							
Jan.-Mar.	***	***	30.68	9,522	***	***	***
Apr.-June	***	***	29.05	13,891	***	***	***
July-Sept.	***	***	32.05	11,480	***	***	***
Oct.-Dec.	***	***	32.38	14,483	***	***	***
2008:							
Jan-Mar.	***	***	40.16	11,911	***	***	***

Product 5: 14½ gauge /16-inch plain print caped hangers.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-6

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 6 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	\$58.25	52,597	\$47.56	50,500	18.3	\$***	***
Apr.-June	58.32	41,470	48.65	59,726	16.6	***	***
July-Sept.	57.93	24,744	49.86	46,855	13.9	***	***
Oct.-Dec.	***	***	48.52	48,922	***	***	***
2006:							
Jan.-Mar.	***	***	46.65	55,828	***	***	***
Apr.-June	***	***	39.84	97,682	***	***	***
July-Sept.	***	***	39.28	71,836	***	***	***
Oct.-Dec.	***	***	39.39	71,043	***	***	***
2007:							
Jan.-Mar.	***	***	41.76	75,720	***	***	***
Apr.-June	***	***	40.64	93,699	***	***	***
July-Sept.	***	***	39.77	75,942	***	***	***
Oct.-Dec.	***	***	41.46	86,507	***	***	***
2008:							
Jan-Mar.	***	***	46.87	74,191	***	***	***
Product 6: 16-inch strut hangers.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table V-7

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 7 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	\$42.20	50,154	\$***	***	***	\$***	***
Apr.-June	42.34	53,280	***	***	***	***	***
July-Sept.	42.23	52,462	34.25	2,001	18.9	***	***
Oct.-Dec.	42.00	52,646	33.96	2,389	19.1	***	***
2006:							
Jan.-Mar.	***	***	38.01	22,370	***	***	***
Apr.-June	***	***	38.35	29,651	***	***	***
July-Sept.	***	***	38.62	33,360	***	***	***
Oct.-Dec.	***	***	37.07	49,931	***	***	***
2007:							
Jan.-Mar.	***	***	***	***	***	***	***
Apr.-June	***	***	35.45	98,288	***	***	***
July-Sept.	***	***	37.68	103,365	***	***	***
Oct.-Dec.	***	***	39.47	79,160	***	***	***
2008:							
Jan-Mar.	***	***	43.65	83,848	***	***	***
Product 7: 13 gauge /16-inch latex hangers.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table V-8

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 8 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	\$***	***	34.91	5,259	***	\$***	***
Apr.-June	***	***	35.99	8,260	***	***	***
July-Sept.	***	***	33.18	6,400	***	***	***
Oct.-Dec.	***	***	35.38	7,027	***	***	***
2006:							
Jan.-Mar.	***	***	36.01	19,242	***	***	***
Apr.-June	***	***	34.36	19,483	***	***	***
July-Sept.	***	***	32.94	17,250	***	***	***
Oct.-Dec.	***	***	32.78	19,583	***	***	***
2007:							
Jan.-Mar.	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	**:	**:	***
July-Sept.	***	***	***	***	***	***	***
Oct.-Dec.	***	***	38.80	46,979	***	***	***
2008:							
Jan-Mar.	***	***	42.49	42,764	**:	**:	**:

Product 8: 13 gauge /16-inch suit hangers.

Source: Compiled from data submitted in response to Commission questionnaires.

Figure V-3

SWG hangers: Weighted-average prices of domestic and imported products 1-8, by quarters, January 2005- March 2008

* * * * *

Table V-9
SWG hangers: Summary of weighted-average f.o.b. prices for products 1-8, by country

Country	Number of quarters	Highest price	Lowest price	Percentage increase (decrease) in price ¹
		<i>Per 1,000 hangers</i>	<i>Per 1,000 hangers</i>	<i>Percent</i>
Product 1				
United States	12	***	***	***
China	13	29.85	22.52	19.2
Mexico	13	***	***	***
Product 2				
United States	13	***	***	***
China	13	45.63	35.59	11.2
Mexico	13	***	***	***
Product 3				
United States	13	***	***	***
China	13	36.42	26.89	13.9
Mexico	13	***	***	***
Product 4				
United States	13	***	***	***
China	13	34.79	28.32	4.5
Mexico	13	***	***	***
Taiwan	3	***	***	***
Product 5				
United States	13	***	***	***
China	13	40.16	29.05	20.0
Mexico	13	***	***	***
Product 6				
United States	13	***	***	***
China	13	49.86	39.28	(1.5)
Mexico	13	***	***	***
Product 7				
United States	12	***	***	***
China	13	43.65	33.96	***
Mexico	13	***	***	***
Product 8				
United States	13	***	***	***
China	13	42.49	32.78	21.7
Mexico	13	***	***	***

¹ Percentage change from the first quarter in which price data were available to the last quarter in which price data were available.

Source: Compiled from data submitted in response to Commission questionnaires.

LOST SALES

Allegations from the Petition¹²

Petitioners provided a list of nine alleged lost sales to Chinese competitors totaling \$*** since January 2004. Staff attempted to contact the nine customers named in these allegations. Three responding customers confirmed *** valued at \$***, \$***, and \$***, respectively. Information regarding these allegations is presented in table V-10.

Table V-10

SWG hangers: U.S. producers' lost sales allegations contained in the petition

* * * * *

*** was named by *** in *** lost sale allegation concerning *** SWG hangers valued at \$***. *** agreed with the allegations. *** stated that *** began importing Chinese hangers about *** years ago, that the quality of Chinese hangers was superior to that of U.S. hangers, and that Chinese hangers could be obtained at a much lower price. *** subsequently increased the percentage of imports such that Chinese hangers represent *** percent of the company's purchases.

*** was named by *** in *** concerning *** SWG hangers valued at \$***. *** disagreed with ***. *** reported that he was not aware of this transaction and indicated that *** did not spend \$*** with only one supplier. *** stated that "****."

In its purchaser questionnaire submitted in the final phase of this investigation, *** reported that its purchases of U.S.-produced SWG hangers declined from ***; its purchases of Chinese hangers rose from ***.¹³ *** noted that, in ***, it saw a decrease in SWG hanger prices as a result of ***. It further noted that, beginning in *** it saw a steady increase in hanger prices mainly due to ***.¹⁴

*** was named by *** in *** concerning *** SWG hangers valued at \$***. *** stated that "China has had a strong impact on hanger pricing. This impact began 15 years ago. Every hanger manufacturer that is domestic has either closed their doors, or has begun to manufacture product in China, Mexico, Vietnam, etc. If the Trade Commission was to impose a tariff at this point it would serve no purpose. The only thing a tariff would do now is hurt all U.S. dry cleaners by making them pay more for hangers."

*** was named by *** in *** concerning *** SWG hangers valued at \$***. *** stated that he neither agreed or disagreed with ***. *** stated that "I can only say that hangers were purchased from China because U.S. manufacturers could not compete with prices from China."

*** was named by *** in *** concerning *** SWG hangers valued at \$***. *** stated that "it is practically impossible to purchase domestic wire hangers due to the pricing of hangers from China. There are differences in cost from *** percent to *** percent or more." *** agreed with *** and stated that the company's purchases from domestic wire hanger producers "declined from *** in 2004 to \$*** in 2006. This has been completely the result of imported wire hangers from China. Eighteen significant producers of wire hangers existed in this country six years ago. Today there is one. The only reason the industry moved to Chinese hangers was because of price. We have been forced to distribute primarily imported hangers because of the significantly lower pricing available on imports from China."¹⁵

¹² No specific lost revenues were alleged in the petition.

¹³ *** purchaser questionnaire response, section II-2.

¹⁴ Ibid., section II-6.

¹⁵ ***.

*** was named by *** in *** concerning *** SWG hangers valued at \$***. *** indicated that his company’s sales changed from *** percent from domestically owned manufacturers in the first seven months of 2006 to *** percent in the first seven months of 2007.¹⁶ He also reported that there had been a shift in hanger purchases from *** percent domestic to *** percent non-American owned manufacturers between 2001 and 2006. *** also referenced an announced change in China’s rebate policy for steel products such as SWG hangers, reducing the export tax rebate from 13 percent to 5 percent (effective July 1, 2007).¹⁷ In addition, in its purchaser questionnaire response, *** reported that it had decreased purchases of SWG hangers produced in the United States because they were “not priced competitively” and it had increased purchases of SWG hangers produced in China because “low pricing controlled the market.”¹⁸

*** was cited in *** in ***. While *** did not respond to the request for information sent by Commission staff, it did provide a purchaser questionnaire response in the final phase of this investigation. In its questionnaire, *** reported that it purchased SWG hangers from ***.¹⁹ *** also noted that it decreased purchases of SWG hangers produced in the United States because “U.S. producers are priced out of the market” and it reported that it had increased purchases of SWG hangers produced in China because of “lower and lower prices.”²⁰ It did note, however, that “as U.S. production becomes available, we expect to purchase more U.S. and probably more Mexican and less Chinese.”²¹

Additional Allegations

In the final phase of the investigation, U.S. producers provided nine alleged lost sales to Chinese competitors totaling *** hangers since January 2005.²² Staff attempted to contact the eight customers named in the lost sales allegations.²³ Additional information regarding these allegations can be found in table V-11.

Table V-11
SWG hangers: U.S. producers’ additional lost sales allegations

* * * * *

*** was named by *** in *** lost sale allegations, *** concerning *** SWG hangers per week, and *** concerning one-time sales of ***. *** of ***, stated that “***.” He also stated that ***.

*** was named by *** in *** concerning *** SWG hangers. *** of *** agreed with *** and stated that “***”.

*** reported that it ***. It did not respond specifically to the allegation.

¹⁶ In the final phase of this investigation, *** submitted a purchaser questionnaire response. In its questionnaire, ***. *** purchaser questionnaire response, section II-2.

¹⁷ “China to adjust export rebate policy on 2,831 commodities,” Ministry of Commerce of the People’s Republic of China, June 20, 2007. “China to adjust export rebates policy on metal products from July 1,” ABC Money, June 12, 2007.

¹⁸ *** purchaser questionnaire response, section II-3.

¹⁹ *** purchaser questionnaire response, section II-2.

²⁰ Ibid., section II-3.

²¹ Ibid., section II-5.

²² One lost sale allegation pertained to ***. For summation purposes, this allegation was treated as ***.

²³ Staff has made repeated attempts to contact officials of ***.

*** was cited in ***. While *** did not respond to a request for information sent by Commission staff, it did provide a purchaser questionnaire response in these final investigations. In its questionnaire, *** reported that, for the period ***, it ***.²⁴

²⁴ ***, *** purchaser questionnaire response, sections II-3 and V-1.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Four firms (Laidlaw, M&B, Metro, and United Wire)¹ provided usable financial information related to their U.S. SWG hanger operations.² Production and sales of SWG hangers represent the majority of each company's business, which also includes sales of such products as steel wire and garment covers. Each of the companies is privately held.

OPERATIONS ON SWG HANGERS

Income-and-loss data for U.S. producers' SWG hanger operations (domestic-only) are presented in table VI-1, and are briefly summarized here. Both the quantity and value of net sales fell *** between 2005 and 2007 as the operating loss increased during the same period.³ In particular, both the quantity and value of net sales were *** lower in 2007 compared to 2006. This decline reflects plant closures by Laidlaw, M&B, and United Wire, and the eventual complete market exit of Laidlaw and United Wire from domestic production operations.⁴ While per-unit sales value remained at relatively the same level between 2005 and 2007, per-unit total cost increased *** which inevitably resulted in a continuous decline in operating income, i.e., in this case, deepened operating losses. The four firms collectively incurred operating losses ***.

Table VI-1

SWG hangers: Results of operations (domestic-only) of U.S. producers, fiscal years 2005-07, January-March 2007, and January-March 2008

* * * * *

Comparing data for January-March 2007 (interim 2007) to data for January-March 2008 (interim 2008), the pattern of the values and costs of sales changed markedly. There were only two firms reporting financial data in interim 2008 because Laidlaw and United Wire ceased domestic production in April 2007 and June 2006, respectively, compared to three firms in interim 2007. Even though sales quantity decreased from interim 2007 to interim 2008, net sales revenue and operating income were higher in interim 2008 than in interim 2007, due to higher per-unit sales value combined with lower per-

¹ The only producer with a fiscal year end other than December is M&B (September 30). Differences between sales and shipments are attributable to timing differences, inability of three smaller producers to provide usable financial data, and the inclusion of Laidlaw's 2005 and part of 2006 data in shipments but not sales or other financial data. United Wire discontinued domestic production ***. The current management of Laidlaw purchased the firm from the previous owner in May 2006, operated for eight months in 2006, and then ceased domestic production operations in April 2007. Since the present management did not have profit and loss information for the period before its acquisition (May 2006), Laidlaw submitted its profit/loss data for only 8 months in 2006. Shanti purchased Laidlaw's plants in Wisconsin and Illinois and began to produce SWG hangers at its Wisconsin plant in 2007. Its limited and incomplete financial data were not usable. Ganchos and Merrick provided incomplete and very limited financial data which were not usable.

² For a list of other current and former U.S. producers, *see* Part III. As noted, these firms either closed or moved production outside of the United States.

³ ***.

⁴ Laidlaw's reported sales decreased ***. Laidlaw, like United Wire, ceased producing SWG hangers in the United States during the period for which data were collected.

unit operating costs (cost of goods sold (“COGS”) and selling, general, and administrative (“SG&A”) expenses combined). Virtually all of the approximately \$*** per 1,000 hanger increase in per-unit total costs between 2005 and 2007, and a large part of the approximate \$*** per 1,000 hanger decrease in per-unit total costs between interim periods are because ***. The increase in per-unit sales value in conjunction with a decrease in per-unit total costs, resulted in an operating income of \$*** in interim 2008, compared to an operating loss of \$*** in interim 2007.

Aggregate results of overall operations (including importing and purchasing) on producers’ SWG hanger operations are shown in table VI-2. As shown in that table, aggregate net sales quantities and values increased throughout 2005-07 (in direct contrast with the data presented in table VI-1), with lower quantities but higher values in interim 2008. However, as with the data in table VI-1, the 2005 and 2006 data are understated because Laidlaw, whose 2005 U.S. production and imports from China combined with approximately *** SWG hangers, was unable to provide usable financial data. Assuming ***, then the U.S. industry’s overall sales quantities and values *** between 2005 and 2007. Aggregate operating income margins improved in every period, and were superior in each individual period to the domestic-only operations presented in table VI-1.

Table VI-2
SWG hangers: Results of overall operations (including imports and purchases) of U.S. producers, fiscal years 2005-07, January-March 2007, and January-March 2008

* * * * * * *

Selected financial data on the domestic-only operations, by firm, are presented in table VI-3. Total net sales (quantities and values), per-unit values (sales and COGS), operating income, and the ratio of operating income or (loss) to net sales are presented in this table. The operating income and the ratio of operating income or (loss) to net sales continuously decreased between 2005 and 2007. *** of four reporting producers generated operating income in 2007, while *** reported operating income in January-March 2008. The industry’s operating income and operating income margin both increased *** from January-March 2007 to January-March 2008, with the operating income margin reaching *** percent in January-March 2008. Even though *** in interim 2007. Selected financial data, by firm, for overall operations (including importing and purchasing) on their SWG hangers operations are shown in table VI-4. Again, total net sales (quantities and values), per-unit values (sales and COGS), operating income, and the ratio of operating income or (loss) to net sales are presented in this table.

Table VI-3
SWG hangers: Results of operations (domestic-only) of U.S. producers, by firms, fiscal years 2005-07, January-March 2007, and January-March 2008

* * * * * * *

Table VI-4
SWG hangers: Results of overall operations (including imports and purchases) of U.S. producers, by firms, fiscal years 2005-07, January-March 2007, and January-March 2008

* * * * * * *

Selected per-unit cost data of the producers on their operations, i.e., COGS and SG&A expenses, are presented in table VI-5. The ratio of total COGS to net sales increased from *** percent in 2005 to *** percent in 2007, while it decreased *** from January-March 2007 to January-March 2008 ***. Overall per-unit total cost (which includes both COGS and SG&A expenses) increased by approximately *** percent from 2005 to 2007, while it was *** percent lower in interim 2008 than in interim 2007. The *** higher per-unit SG&A expenses in 2007 resulted from *** compared to 2006.

Table VI-5

SWG hangers: Average unit costs of U.S. producers, fiscal years 2005-07, January-March 2007, and January-March 2008

* * * * *

A variance analysis for the four U.S. producers on their domestic-only operations is presented in table VI-6. The variance analysis provides an assessment of changes in profitability as related to changes in pricing, cost, and volume. The information for this variance analysis is derived from table VI-1. The analysis is summarized at the bottom of the table. Between 2005 and 2007, there was an unfavorable operating income variance of \$***. This was attributable to an unfavorable variance on price (lower unit prices), an unfavorable variance on cost/expenses (higher cost/expenses), and a positive volume variance. Even though sales volume declined ***, the volume variance is positive because it is determined by multiplying the beginning period average unit operating profit or (loss) by the change in volume from the first period to the last period. Since the industry *** in 2005, and volume declined between 2005 and 2007, the volume variance is positive because the industry was making fewer sales of product on which it was ***. The increase in the operating income in January-March 2008 from *** in January-March 2007 was attributable to a favorable price variance and a favorable net cost/expense variance.

Table VI-6

SWG hangers: Variance analysis on results of operations (domestic-only) of domestic producers, fiscal years 2005-07, January-March 2007, and January-March 2008

* * * * *

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

The responding firms' data on capital expenditures and research and development ("R&D") expenses related to the production of SWG hangers are shown in table VI-7. The current management of Laidlaw purchased the firm from the previous owner and started production in 2006. Capital expenditures of approximately \$***. However, Laidlaw ceased domestic production in April 2007. *** reported R&D expenses during any of the periods for which data were collected.

Table VI-7

SWG hangers: Capital expenditures and R&D expenses of U.S. producers, fiscal years 2005-07, January-March 2007, and January-March 2008

* * * * *

ASSETS AND RETURN ON INVESTMENT

U.S. producers were requested to provide data on their assets used in the production and sales of SWG hangers to assess their return on investment ("ROI") during the period for which data were collected. Although ROI can be computed in different ways, a commonly used method is income earned during the period divided by the total assets utilized for the operations. Therefore, staff calculated ROI as operating income or (loss) divided by total assets used in the production and sales of SWG hangers. Data on the U.S. producers' total assets and their ROI are presented in table VI-8. The return on investment decreased *** between 2005 and 2007. The ROI may not fairly represent the operating results of U.S. producers since some producers had only partial operations in certain periods and these producers' operations were not annualized. The value of total assets increased *** from 2005 to 2006 due to increases of accounts receivable and inventories related to the purchase of Laidlaw by the current

management in 2006. Total assets decreased *** from 2006 to 2007. The increase in the value of total assets in 2006 was because *** reported asset data for that period but not for 2005. The inclusion of *** data was the reason accounts receivable and inventories increased, while property, plant, and equipment (“PPE”) decreased in 2006 because ***. Assets also decreased in 2007 as ***. The original cost and net book value of PPE continuously decreased between 2005 and 2007, due to ***.

Table VI-8
SWG hangers: Value of assets used in the production, warehousing, and sale, and return on investment, fiscal years 2005-07

* * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of SWG hangers from China on the firms’ growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product). Their responses with respect to actual negative effects are as follows:

* * * * *

Company responses with respect to anticipated negative effects are as follows:

* * * * *

Company responses with respect to the additional question, “since July 31, 2007, has your firm experienced any changes in the quantity of domestic sales of U.S.-produced SWG hangers or any changes in the prices that your firm is able to charge?” are as follows:

* * * * *

PART VII: THREAT CONSIDERATIONS AND BRATSK CONSIDERATIONS

Section 771(7)(F)(I) of the Act (19 U.S.C. § 1677(7)(F)(I)) provides that–

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors¹--

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

¹ Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that “The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition.”

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).²

Information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission in relation to *Bratsk* rulings.³

THE INDUSTRY IN CHINA

The petition identified 64 alleged producers of SWG hangers in China.⁴ Table VII-1 lists information on 14 responding Chinese firms. The majority (10 of 14) of responding Chinese producers reported that SWG hanger production was between 95 and 100 percent of their total sales in 2007.⁵ All 14 reported that they did not produce or have the ability to produce articles other than SWG hangers on their machinery and equipment, and none maintained any inventory in the United States.

Notwithstanding the apparent concentration of SWG hanger production among most Chinese producers, Respondents have offered testimony regarding the transfer of equipment from China to

² Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

³ In the preliminary phase of this investigation, Vice Chairman Aranoff and Commissioners Lane, Williamson, and Pinkert "invite(d) parties to comment in any final phase investigation on whether *Bratsk Aluminium Smelter v. United States*, 444 F.3d 1369 (Fed. Cir. 2006), is applicable to the facts of this investigation... (and) on what additional information the Commission should collect to address the issues raised by the Federal Circuit, how that information should be collected, and which nonsubject sources should be the focus of additional information gathering by the Commission in any final phase investigation." *Steel Wire Garment Hangers from China, Investigation No. 731-TA-1123 (Preliminary)*, USITC Publication 3951, October 2007, p. 15 n.99. Chairman Pearson and Commissioner Okun found the record evidence to "suggest that nonsubject imports of SWG hangers likely will not be a significant factor in the U.S. market," but invited any party holding a contrary view to "so indicate, and provide a basis for its view, at the time written comments on the draft questionnaires are submitted." *Ibid.*, pp. 15-16 n.100. Only the petitioner provided comments on the Commission's draft questionnaires, and submitted that any necessary information on nonsubject imports was "already incorporated in the draft questionnaires." Petitioner's comments on draft questionnaires, March 12, 2008, p. 2.

⁴ At the Commission's conference, the president of Market Direct International, LLC, testified that ". . . right now in China they have about 40 or 45 manufacturers in China." Conference transcript, p. 120 (Zhong).

⁵ For the remaining four producers, SWG hangers accounted for ***.

Vietnam.⁶ Respondents also offered photographic evidence regarding the location of the equipment at issue, some of which was clarified to indicate that certain of the production equipment was located in China, rather than Vietnam.⁷

Table VII-1
SWG hangers: Chinese firms' reported 2007 production, exports to the United States, and exports to the United States as a share of their production

Firm	2007 reported production (1,000 hangers)	2007 reported exports to the United States (1,000 hangers)	Exports to the United States as a share of total production (percent)
Jiaxing Boyi Medical Device	***	***	***
Ningbo Dasheng Hanger	***	***	***
Pujiang County Command Metal Products	***	***	***
Shanghai Wells Hanger Co., Inc.	***	***	***
Shangyu Baoxiang Metal Manufactured	***	***	***
Shaoxing Dingli Metal Clotheshorse	***	***	***
Shaoxing Guochao Metallic Products	***	***	***
Shaoxing Liangbao Metal Manufactured	***	***	***
Shaoxing Meideli Metal Hanger	***	***	***
Shaoxing Shunji Metal Clotheshorse	***	***	***
Shaoxing Zhongbao Metal Manufactured	***	***	***
Willert Home Products (Shanghai)	***	***	***
Yi Wu Ao-Si Metal Products	***	***	***
Zhejiang Lucky Cloud Hanger	***	***	***
Total	2,491,848	2,287,835	91.8

Note.--Official Commerce statistics report 2,697,369,183 hangers imported from China in 2007.
Source: Compiled from data submitted in response to Commission questionnaires.

Table VII-2 presents data for these 14 firms during 2005-07, January-March 2007, January-March 2008, and forecasts for 2008 and 2009. *** were the largest reporting Chinese producers, together accounting for approximately *** of reported Chinese SWG hanger production and exports to the United States.

⁶ Hearing transcript, pp. 151-154 (Schultz).

⁷ Prehearing brief of United Wire et al., exhibit 4; Hearing transcript, pp. 161-162 (Slezak); Correspondence from counsel to United Wire, et al., revising the identification of photographs, July 25, 2008.

Table VII-2
SWG hangers: Chinese producers' operations, 2005-07, January-March 2007, January-March 2008,
and projected 2008-09

Item	Actual experience					Projections	
	2005	2006	2007	January-March		2008	2009
				2007	2008		
Quantity (1,000 hangers)							
Capacity	1,785,478	2,285,478	3,101,176	775,294	777,794	3,111,176	3,111,176
Production	1,454,942	1,983,286	2,491,848	618,819	486,307	2,229,904	1,992,598
End-of-period inventories	51,131	56,810	39,988	43,542	36,362	25,292	11,805
Shipments:							
Internal consumption	0	0	0	0	0	0	0
Home market	32,682	55,904	45,871	16,534	15,265	90,200	105,700
Exports to--							
The United States	1,330,866	1,817,380	2,287,835	591,480	436,897	1,889,900	1,529,385
All other markets	78,308	104,323	174,964	24,090	37,770	264,500	371,000
Total exports	1,409,173	1,921,703	2,462,799	615,570	474,668	2,154,400	1,900,385
Total shipments	1,441,856	1,977,607	2,508,670	632,105	489,933	2,244,600	2,006,085
Ratios and shares (percent)							
Capacity utilization	81.5	86.8	80.4	79.8	62.5	71.7	64.0
Inventories to production	3.5	2.9	1.6	1.8	1.9	1.1	0.6
Inventories to total shipments	3.5	2.9	1.6	1.7	1.9	1.1	0.6
Share of total shipments:							
Internal consumption	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Home market	2.3	2.8	1.8	2.6	3.1	4.0	5.3
Exports to--							
The United States	92.3	91.9	91.2	93.6	89.2	84.2	76.2
All other markets	5.4	5.3	7.0	3.8	7.7	11.8	18.5
Total exports	97.7	97.2	98.2	97.4	96.9	96.0	94.7
Source: Compiled from data submitted in response to Commission questionnaires.							

Between January 2005 and March 2008, more than 90 percent of reported Chinese-produced SWG hangers were exported to the United States. Reported Chinese capacity and production of SWG hangers increased by over 70 percent from 2005 to 2007; capacity utilization fluctuated from 2005 to 2007, but remained above 80 percent.⁸ Reported Chinese exports of SWG hangers to the United States rose by 71.9 percent from 2005 to 2007, but are projected to decrease in 2008 and 2009, while home market sales are projected to increase. More than half of the Chinese producers cited a decrease in the export tax rebate⁹ and the appreciation of the RMB, and several cited increasing costs and increased competition, as the reasons for the projected decrease in exports of SWG hangers to the United States in 2008 and 2009. Exports to all other markets more than doubled over the period and are projected to increase, but were only 7.1 percent of total exports of SWG hangers from China in 2007.¹⁰

U.S. IMPORTERS' INVENTORIES

U.S. importers' end-of-period inventories of U.S. imports as reported are presented in table VII-3. Inventories of Chinese SWG hangers increased, while the ratios of inventories to imports and to total shipments of imports initially declined but increased in 2007. Inventories of imports from all other sources rose *** from 2005 to 2007 but, in contrast with inventories of SWG hangers from China, were lower in January-March 2008 than in January-March 2007 (both absolutely and relative to annualized import and shipment levels). Total reported importer inventories increased by more than *** SWG hangers from December 2005 to December 2007, and were higher in March 2008 than in March 2007.

⁸ Capacity utilization, however, fell to 62.5 percent in January-March 2008, as production decreased in line with declining exports to the United States.

⁹ Staff notes that although this was reported as an "export" tax rebate in the questionnaires, it actually is the rebate of the value added tax "VAT". The rebate of the VAT for SWG hangers was reduced from 13 percent to 5 percent on July 1, 2007. Found at, http://www.kpmg.com/hk/en/virtual_library/Tax/china_alert/2007/Issue17_0707.pdf, retrieved on August 19, 2008.

¹⁰ Foreign export markets for Chinese producers included: Australia, Belgium, Canada, France, Germany, Greece, Hungary, Indonesia, Israel, Italy, Japan, Kuwait, Mexico, Panama, Saudi Arabia, South Korea, the United Arab Emirates, the United Kingdom, and Vietnam.

Table VII-3

SWG hangers: U.S. importers' end-of-period inventories of imports, by source, 2005-07, January-March 2007, and January-March 2008

Item	Calendar year			January-March	
	2005	2006	2007	2007	2008
China:					
Inventories (<i>1,000 hangers</i>)	78,475	109,418	249,269	132,506	185,476
Ratio of inventories to imports (<i>percent</i>)	9.0	8.3	12.3	7.2	11.9
Ratio to U.S. shipments of imports (<i>percent</i>)	8.9	8.5	13.3	7.6	10.2
Ratio to total shipments of imports (<i>percent</i>)	8.9	8.5	13.2	7.6	10.2
All other sources:					
Inventories (<i>1,000 hangers</i>)	***	***	***	***	***
Ratio of inventories to imports (<i>percent</i>)	***	***	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***	***	***
Ratio to total shipments of imports (<i>percent</i>)	***	***	***	***	***
All sources:					
Inventories (<i>1,000 hangers</i>)	***	***	***	***	***
Ratio of inventories to imports (<i>percent</i>)	***	***	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***	***	***
Ratio to total shipments of imports (<i>percent</i>)	***	***	***	***	***
Note.—Ratios were calculated using data from firms providing information on both inventories and imports or U.S. shipments of imports. Partial-year ratios are based on annualized import/shipment data.					
Source: Compiled from data submitted in response to the Commission's questionnaire.					

U.S. IMPORTERS' CURRENT ORDERS

Thirteen U.S. importers reported that they had placed orders for SWG hangers from China scheduled for entry into the United States in the period of April 2008 to March 2009. Table VII-4 presents official statistics for April - June 2008 and U.S. importers' orders for SWG hangers from China during July 2008 - March 2009. In addition to U.S. imports of SWG hangers from China, the next largest sources of U.S. imports in the second quarter of 2008 included Mexico (111.6 million hangers), Vietnam (4.2 million hangers), and Canada (1.9 million hangers).¹¹

Table VII-4

SWG hangers: U.S. imports from China and importers' current orders, April 2008-March 2009

Item	Apr-Jun 2008	Jul-Sept 2008	Oct-Dec 2008	Jan-Mar 2009
Quantity (<i>1,000 hangers</i>)	604,907 ¹	88,760	56,000	55,000
¹ Based on official Commerce statistics.				
Source: Compiled from official Commerce statistics and data submitted in response to the Commission's questionnaire.				

¹¹ This is compared to imports of SWG hangers during the same quarter of 2007 for Mexico (85.6 million), Vietnam (0), and Canada (1.2 million), according to import statistics from Commerce.

ANTIDUMPING AND COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

No producer, importer, or foreign producer reported any countervailing or antidumping duty orders on SWG hangers from China in third-country markets.

INFORMATION ON NONSUBJECT SOURCES

“Bratsk” Considerations

As a result of the Court of Appeals for the Federal Circuit (“CAFC”) decision in *Bratsk Aluminum Smelter v. United States* (“Bratsk”), the Commission is directed to:¹²

undertake an “additional causation inquiry” whenever certain triggering factors are met: “whenever the antidumping investigation is centered on a commodity product, and price competitive non-subject imports are a significant factor in the market.” The additional inquiry required by the Court, which we refer to as the Bratsk replacement/benefit test, is “whether non-subject imports would have replaced the subject imports without any beneficial effect on domestic producers.

Respondents identified this investigation as a “Bratsk case” in their opening remarks at the Commission’s hearing and throughout subsequent testimony.¹³ Petitioners disagreed.¹⁴ In their briefs, parties elaborated on their arguments as follows:

- Counsel on behalf of Laidlaw and United Wire argued that SWG hangers are a commodity product, that the imposition of antidumping duties would result in increased imports from other low-cost producing countries (e.g., Vietnam), that the U.S. industry lacked the capacity to supply the domestic market, and that U.S. production costs would result in any benefits accruing to the petitioner’s non-U.S. operations rather than SWG hanger operations in the United States, which are directed toward premium-priced specialty use and service items.¹⁵
- Counsel for the petitioner argued that nonsubject imports of SWG hangers are not significant, and the evidence in the record clearly shows that nonsubject imports would not and could not have replaced subject imports during the period examined. Counsel contended that there currently are few suppliers outside of China.¹⁶

Nonsubject Source Information

As discussed in Part IV of this report, the leading nonsubject countries are Mexico (accounting for 11.1 percent of total U.S. imports of SWG hangers in 2007) and Canada (0.2 percent), with Korea, Hong Kong, and Taiwan each accounting for less than one percent, and seven other countries accounting

¹² *Silicon Metal from Russia, Inv. No. 731-TA-991 (Second Remand)*, USITC Publication 3910, June 2007, p. 2; citing *Bratsk Aluminum Smelter v. United States*, 444 F.3d at 1375.

¹³ Hearing transcript, pp. 20-22 (Neeley).

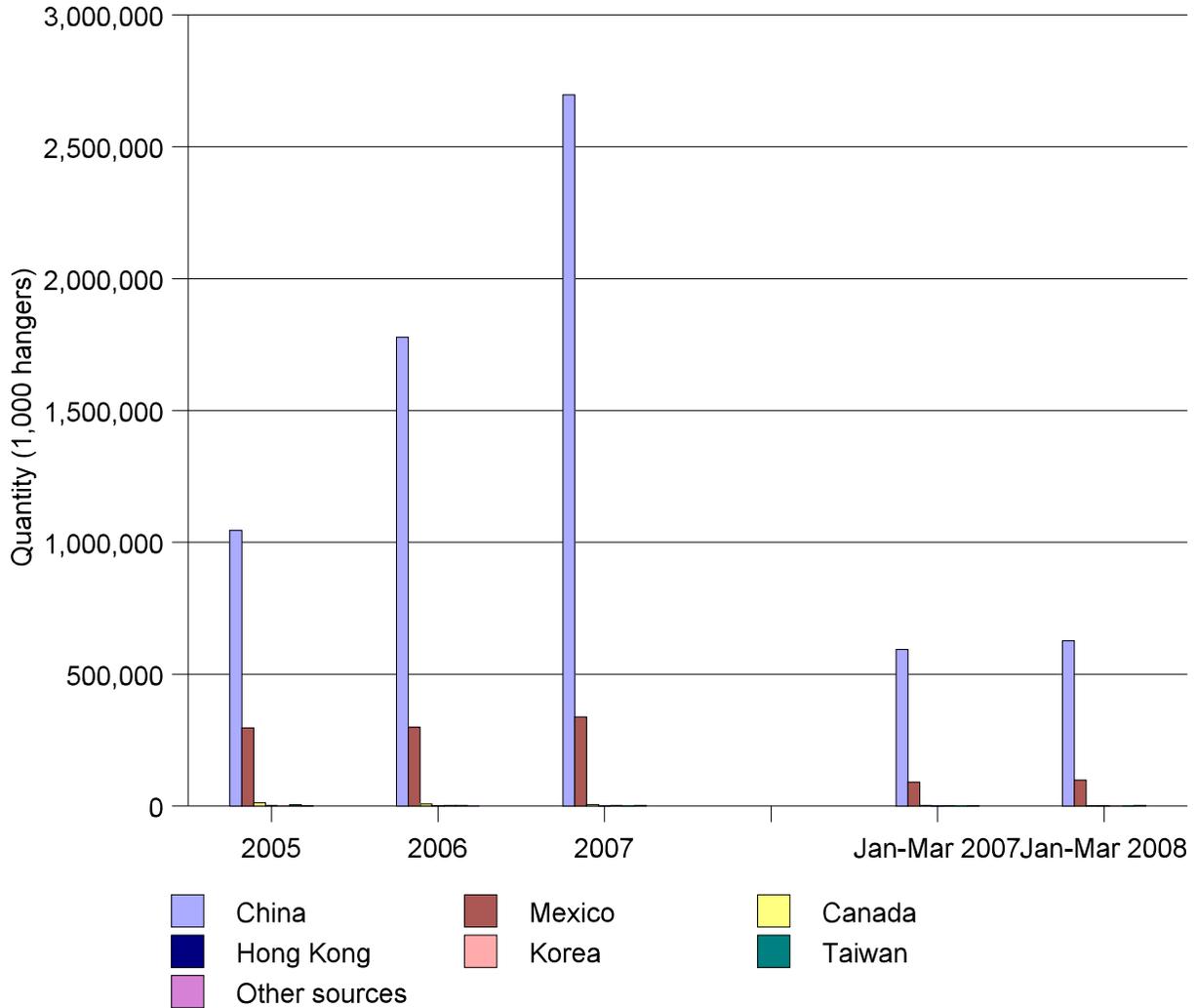
¹⁴ Hearing transcript, pp. 128-129 (Waite).

¹⁵ Posthearing brief of United Wire, et al., pp. 9-22.

¹⁶ Petitioner’s posthearing brief, pp.11-14.

for the remainder of 2007 imports from nonsubject countries (figure VII-1). Mexico was the only substantial source of U.S. imports of nonsubject SWG hangers that had a lower average unit value than that from China.¹⁷ The gap decreased from 2005 to 2006, and by 2007, the average unit value of U.S. imports from Mexico had risen above the average unit value of imports from China. However, in 2008, the average unit value for imports from Mexico fell just below that for China. Figure VII-2 shows the average unit values of imports from China, Mexico, and all other sources during the period for which data were collected.

Figure VII-1
SWG hangers: U.S. imports, by sources, 2005-07, January-March 2007, and January-March 2008

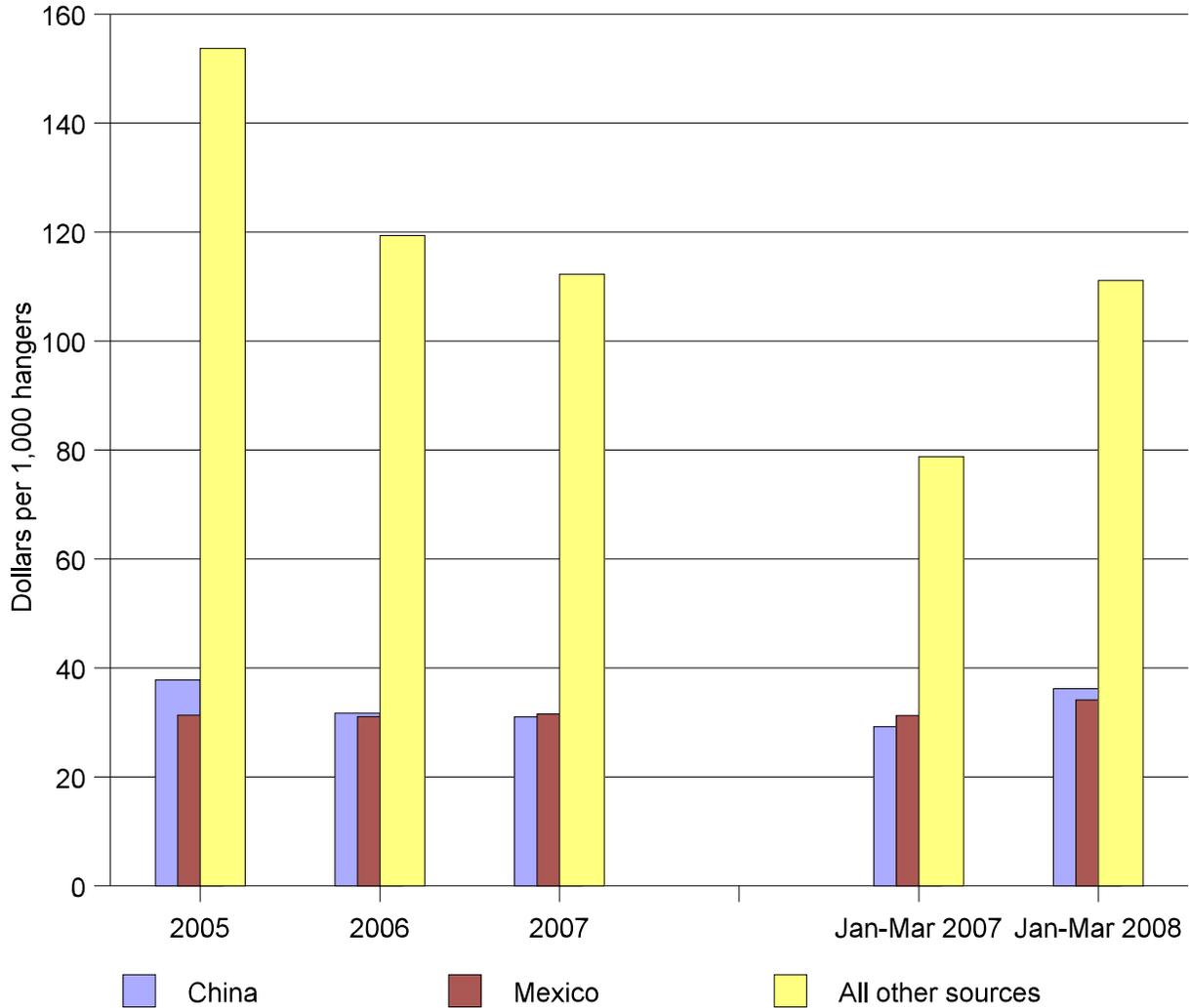


Source: Table IV-3.

¹⁷ The average unit value for imports from Switzerland, which accounted for .02 percent of total imports in 2007, also was lower than the average unit value for imports from China. However, ***, confirmed that they only imported from China. Staff telephone interview with ***, June 18, 2008.

Figure VII-2

SWG hangers: Average unit values of U.S. imports, by sources, 2005-07, January-March 2007, and January-March 2008



Source: Table IV-3.

Mexico

Table VII-5 presents data for M&B's Mexican operations. Reported imports from the Petitioner's Mexican operations accounted for *** percent of SWG hanger imports from Mexico in 2007, according to Commerce statistics. The Petitioner's Mexican operation's capacity *** during the period for which data were collected, while production increased *** from 2005 to 2006 before increasing for the remainder of the period for which data were collected, and M&B projects *** exports to the United States in 2008 and 2009. M&B exported hangers to *** the United States; such exports accounted for nearly *** percent of its total shipments in 2007. Production in Mexico accounted for *** percent of M&B's total production of SWG hangers in 2006 and *** percent in 2007.

**Table VII-5
SWG hangers: Petitioner’s Mexican operations, 2005-07, January-March 2007, January-March 2008, and projected 2008-09**

* * * * *

Additionally, *** took over the lease of a hangers production facility from *** in Nogales, Mexico, on December 31, 2005, and ran the production line from January 2006 to February 2007. In 2006, *** purchased the excess inventory from the Mexican facility, which reportedly included a minimal amount of ***. The Mexican operation produced ***. In February 2007, ***. Reported imports from *** Mexican operations accounted for *** percent of SWG hanger imports from Mexico in 2006 and *** percent in 2007, according to official Commerce statistics.

Overall, it is believed that there are several small producers of hangers in Mexico as well as the M&B facility.¹⁸ According to witness testimony, “U.S. Hanger, also known as Nagel, shut down its Texas hanger facility in 2004 and moved its production equipment to Mexico, according to the U.S. Department of Labor's Office of Trade Adjustment Assistance. The company produced hangers in Mexico for only a few months before it shut down altogether.”¹⁹ M&B has identified the following firms as producers of SWG hangers: Productos de Alambre S.A. (PASA); Clavos Nacionales S.A.; Diamante 2000; Ganchos El Cedro S. A.; and Hangarme. According to M&B, there are also two known Mexican importers of Chinese hangers into Mexico: Calormatic and Teran.

Canada

Hangers of Canada, located in Ontario, is the only confirmed producer and exporter of SWG hangers in Canada.²⁰ Table VII-6 presents data for Hangers of Canada’s operations. All imports from Canada were accounted for by Hangers of Canada. Capacity remained constant over the period, while production increased and ***. The increase in production was followed by an increase in both home market sales and export shipments. Hangers of Canada’s *** export market is ***, which accounted for *** percent of its commercial shipments of SWG hangers in 2007. Home market shipments accounted for *** percent of its commercial shipments in 2007, a *** increase from 2005.

The SWG hangers produced by Hangers of Canada are ***. SWG hangers comprise *** percent of its total sales. Additionally, *** of Hangers of Canada’s exports to the United States are for retail sale, while *** are for the dry cleaning industry (*** to distributors, but *** to end-use dry cleaners).²¹

**Table VII-6
SWG hangers: Canadian operations, 2005-07, January-March 2007, January-March 2008, and projected 2008-09**

* * * * *

¹⁸ Conference transcript, p. 59 (Magnus).

¹⁹ Conference transcript, pp. 37-38 (Magrath).

²⁰ Merrick Engineering is the parent company of Hangers of Canada.

²¹ Questionnaire response of Hangers of Canada (cover letter). Hangers of Canada identified ***. The company identified ***. Ibid.

Vietnam

Based on the historical level of U.S. imports from Vietnam, the country was not characterized in the prehearing staff report as a leading nonsubject source of SWG hangers. Indeed, U.S. imports of SWG hangers from Vietnam were relatively small prior to the second quarter of 2008 when, as noted in Part IV, they surpassed the level of such imports from Canada, though they remained well below the level of SWG hanger imports from Mexico and China. However, during the hearing and in the respondents' briefs, the issue of production shifting by Chinese companies to Vietnam has been raised. According to Tom Schultz, president and CEO of Laidlaw, one of the largest Chinese producers of SWG hangers, Andrews Group, which consists of Shaoxing Andrew Metal Manufactured Co., Ltd., Shaoxing Gangyuan Metal Manufactured Co., Ltd., and Shaoxing Tongzhou Megal Manufactured Co., Ltd., halted operations due to pending antidumping duties in March 2008 and moved production to Vietnam. According to testimony, Cao Duc Clothes Hanger Co., Ltd. ("Andrews Vietnam") was opened in Vietnam in July 2008 and is now taking orders.²² The respondents contend that due to the mobility of the SWG hangers' machinery, production will shift, and has shifted, to Vietnam with the imposition of dumping duties against China.

Despite efforts to contact public and non-public officials in Vietnam (including officials at the companies in question), staff was not able to obtain any data regarding current and projected production levels in Vietnam. Staff's attempts to contact company officials in Vietnam were unsuccessful. Staff's contacts with a public official were cordial and resulted in prompt responses, but detailed production or capacity data were not readily available (as, indeed, the official had warned might be the case). However, according to data reported to the United Nations by Vietnam, exports of the broader category of "articles of wire, iron or steel, n.e.s." (the HS category under which exports of SWG hangers are recognized) totaled \$1.1 million in 2005 (the most recent year for which complete data are available). Of this figure, exports to the United States accounted for \$25,000.²³

²² Hearing transcript, pp. 151-154 (Schultz). *See also* Respondent Fabricare Choice's prehearing brief, exh. 1 (as many as seven companies were mentioned as producing or beginning to produce SWG hangers in Vietnam).

²³ Correspondence from ***, August 11, 2008.

APPENDIX A

***FEDERAL REGISTER* NOTICES**

For further information concerning the conduct of this phase of the investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

EFFECTIVE DATE: March 25, 2008.

FOR FURTHER INFORMATION CONTACT:

Gabriel Ellenberger (202–205–3289), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—The final phase of this investigation is being scheduled as a result of an affirmative preliminary determination by the Department of Commerce that imports of steel wire garment hangers from China are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). The investigation was requested in a petition filed on July 31, 2007, by M&B Metal Products Company, Inc., Leeds, AL.

Participation in the investigation and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the final phase of this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigation need not file an additional notice of appearance during this final phase. The Secretary will maintain a

or whether or not fashioned with paper covers or capes (with or without printing) and/or nonslip features such as saddles or tubes. These products may also be referred to by a commercial designation, such as shirt, suit, strut, caped, or latex (industrial) hangers. Specifically excluded from the scope of this investigation are wooden, plastic, and other garment hangers that are classified under separate subheadings of the HTSUS."

public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in the final phase of this investigation available to authorized applicants under the APO issued in the investigation, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the investigation. A party granted access to BPI in the preliminary phase of the investigation need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the final phase of this investigation will be placed in the nonpublic record on May 29, 2008, and a public version will be issued thereafter, pursuant to section 207.22 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the final phase of this investigation beginning at 9:30 a.m. on June 12, 2008, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before June 6, 2008. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on June 10, 2008, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 business days prior to the date of the hearing.

Written submissions.—Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.23 of the Commission's rules; the deadline for filing is June 5, 2008. Parties may also file written testimony in connection

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–1123 (Final)]

Steel Wire Garment Hangers From China

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of an antidumping investigation.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping investigation No. 731–TA–1123 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of less-than-fair-value imports from China of steel wire garment hangers, provided for in subheading 7326.20 of the Harmonized Tariff Schedule of the United States.¹

¹ For purposes of this investigation, the Department of Commerce has defined the subject merchandise as "steel wire garment hangers, fabricated from carbon steel wire, whether or not galvanized or painted, whether or not coated with latex or epoxy or similar gripping materials, and/

with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.25 of the Commission's rules. The deadline for filing posthearing briefs is June 19, 2008; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation, including statements of support or opposition to the petition, on or before June 19, 2008. On July 9, 2008, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before July 11, 2008, but such final comments must not contain new factual information and must otherwise comply with section 207.30 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

By order of the Commission.

Issued: March 31, 2008.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E8-7011 Filed 4-3-08; 8:45 am]

BILLING CODE 7020-02-P

will be placed in the nonpublic record on July 17, 2008; the deadline for filing prehearing briefs is July 24, 2008; the hearing will be held at the U.S. International Trade Commission Building at 9:30 a.m. on July 31, 2008; the deadline for filing posthearing briefs is August 14, 2008; the Commission will make its final release of information on September 4, 2008; and final party comments are due on September 8, 2008.

For further information concerning this investigation see the Commission's notice cited above and the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

Authority: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

By order of the Commission.

Issued: April 24, 2008.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E8-9415 Filed 4-29-08; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-1123 (Final)]

Steel Wire Garment Hangers From China

AGENCY: United States International Trade Commission.

ACTION: Revised schedule for the subject investigation.

DATES: *Effective Date:* April 23, 2008.

FOR FURTHER INFORMATION CONTACT:

Gabriel Ellenberger (202-205-3289), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION: Effective March 25, 2008, the Commission established a schedule for the conduct of the final phase of the subject investigation (73 FR 18560, April 4, 2008). Subsequently, the Department of Commerce extended the date for its final determination in the investigation from June 9, 2008 to August 7, 2008 (73 FR 20018, April 14, 2008). The Commission, therefore, is revising its schedule to conform with Commerce's new schedule.

The Commission's new schedule for the investigation is as follows: requests to appear at the hearing must be filed with the Secretary to the Commission not later than July 25, 2008; the prehearing conference will be held at the U.S. International Trade Commission Building at 9:30 a.m. on July 28, 2008; the prehearing staff report

DEPARTMENT OF COMMERCE**International Trade Administration**

[A-570-918]

Steel Wire Garment Hangers from the People's Republic of China: Final Determination of Sales at Less Than Fair Value

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

DATES: *Effective Date:* August 14, 2008.

SUMMARY: On March 25, 2008, the Department of Commerce ("Department") published its preliminary determination of sales at less than fair value ("LTFV") in the antidumping investigation of steel wire garment hangers ("hangers") from the People's Republic of China ("PRC"). On April 14, 2008, the Department published its amended preliminary determination. The period of investigation ("POI") is January 1, 2007, to June 30, 2007. We invited interested parties to comment on our preliminary determination of sales at LTFV. Based on our analysis of the comments we received, we have made changes to our calculations for the mandatory respondents. The final dumping margins for this investigation are listed in the "Final Determination Margins" section below.

FOR FURTHER INFORMATION CONTACT: Irene Gorelik or Julia Hancock, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-6905 or (202) 482-1394, respectively.

Final Determination

We determine that hangers from the PRC are being, or are likely to be, sold in the United States at LTFV as provided in section 735 of the Tariff Act of 1930, as amended ("the Act"). The estimated margins of sales at LTFV are shown in the "Final Determination Margins" section of this notice.

SUPPLEMENTARY INFORMATION:

Case History

The Department published its preliminary determination of sales at LTFV on March 25, 2008. See *Preliminary Determination of Sales at Less Than Fair Value: Steel Wire Garment Hangers from the People's Republic of China* 73 FR 15726 (March 25, 2008) (“*Preliminary Determination*”). Due to a significant ministerial error, the Department published its amended preliminary determination of sales at LTFV on April 14, 2008. See *Steel Wire Garment Hangers from the People's Republic of China: Amended Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination* 73 FR 20018 (April 14, 2008) (“*Amended Preliminary Determination*”). Additionally, the Department postponed the deadline for the final determination by 60 days to August 7, 2008. See *id.* at 20020–20021. On April 24, 2008, certain separate rate respondents represented by Greenberg Traurig¹ (“*Greenberg Respondents*”) filed a timely request for a public hearing. Between May 21, 2008, and June 6, 2008, the Department conducted verifications of Shanghai Wells Hanger Co., Ltd. (“*Shanghai Wells*”) and the Shaoxing Metal Companies.² See the “*Verification*” section below for additional information.

On June 27, 2008, we invited parties to comment on the Department's proposed change to the scope language within the *Preliminary Determination*. On July 7, 2008, Petitioner³ and Home Products (Shanghai) Co., Ltd., and

Willert Home Products, Inc. (collectively “*Willert*”) submitted comments regarding the Department's proposed scope language change. Additionally, Willert included a scope clarification request in its comments dated July 7, 2008, which the Department addresses in the “*Analysis of Comments Received*” and “*Scope Modifications*” sections below.

Upon the July 3, 2008, release of the second of two verification reports,⁴ we invited parties to comment on the *Preliminary Determination*. On July 10, 2008, Petitioner, Shanghai Wells, the Shaoxing Metal Companies, and other interested parties filed case briefs. On July 11, 2008, the Department rejected the case brief submitted by the Greenberg Respondents because it contained untimely, new factual information. See the Department's letter to all interested parties dated July 11, 2008. On July 11, 2008, the Greenberg Respondents resubmitted their revised case brief, which the Department also rejected because the untimely, new information had not been properly redacted in its entirety. See the Department's letter to all interested parties dated July 14, 2008. On July 15, 2008, the Greenberg Respondents resubmitted their case brief with the untimely, new information redacted in its entirety. On July 15, 2008, the Shaoxing Metal Companies, Shanghai Wells, and Petitioner filed rebuttal briefs. On July 17, 2008, the Greenberg Traurig Respondents withdrew their request for a public hearing, leaving no public hearing request on the record.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this investigation are addressed in the “*Investigation of Steel Wire Garment Hangers from the People's Republic of China: Issues and Decision Memorandum*,” dated August 7, 2008 (“*Issues and Decision Memorandum*”), which is hereby adopted by this notice. A list of the issues which parties raised and to which we respond in the *Issues and Decision Memorandum* is attached

to this notice as an appendix. The *Issue and Decision Memorandum* is a public document and is on file in the Central Records Unit (“*CRU*”), Main Commerce Building, Room 1117, and is accessible on the World Wide Web at <http://www.trade.gov/ia>. The paper copy and electronic version of the memorandum are identical in content.

Changes Since the Preliminary Determination

Based on our analysis of information on the record of this investigation, and comments received from the interested parties, we have made changes to the margin calculations for the Shaoxing Metal Companies and Shanghai Wells. We have revalued several of the surrogate values used in the *Preliminary Determination*. The values that were modified for this final determination are those for surrogate financial ratios, steel scrap, and the wage rate. For further details see *Issues and Decision Memorandum* at Comments 3, 6, and 7, and *Memorandum to the File* from Julia Hancock, through Catherine Bertrand, Program Manager, AD/CVD Operations, Office 9, and James C. Doyle, Director, AD/CVD Operations, Office 9; Steel Wire Garment Hangers from the People's Republic of China: Surrogate Values for the Final Determination, dated August 7, 2008 (“*Final Surrogate Value Memo*”).

In addition, we have made some company-specific changes since the *Preliminary Determination*. Specifically, we have incorporated, where applicable, post-preliminary clarifications based on verification and corrected certain clerical errors for Shanghai Wells. We have also applied partial adverse facts available, where applicable, for various findings from verification of both companies. For further details on these company-specific changes, see *Issues and Decision Memorandum* at Comments 8 and 9.

Scope Modifications

Since the publication of the *Preliminary Determination*, the Department became concerned that certain language in the scope might create opportunities for circumvention. Therefore, on June 27, 2008, the Department invited interested parties to comment on a proposed change to the scope language. See *Letter to All Interested Parties*, dated June 27, 2008. As stated above, Willert and Petitioner submitted comments. Specifically, Petitioner stated that it supported the Department's proposed change to the scope of the investigation. Consequently, we are modifying the scope to include language that the

¹ These companies are: United Wire Hanger Corporation, Laidlaw Company, Zhejiang Lucky Cloud Hanger Co., Ltd., Shangyu Baoxiang Metal Product Co., Ltd., Shaoxing Dingli Metal Clotheshorse Co., Shaoxing Meideli Metal Hanger Co., Ltd., Shaoxing Shunji Metal Clotheshorse Co., Ltd., and Shaoxing Zhongbao Metal Manufactured Co. Ltd., Shaoxing Liangbao Metal Manufactured Co. Ltd.

² The Shaoxing Metal Companies consist of: Shaoxing Gangyuan Metal Manufactured Co., Ltd. (“*Gangyuan*”), Shaoxing Andrew Metal Manufactured Co., Ltd. (“*Andrew*”), Shaoxing Tongzhou Metal Manufactured Co., Ltd. (“*Tongzhou*”), and Company X. The Department normally does not consider a respondent's supplier's name to be business proprietary information. However, in this instance, counsel for the Shaoxing Metal Companies bracketed this information as business proprietary and the Department did not challenge this treatment. See *Memorandum to the File* from Julia Hancock, Senior Case Analyst: Program Analysis for the Final Determination of Antidumping Duty Investigation of Steel Wire Garment Hangers from the People's Republic of China: Shaoxing Metal Companies, (August 7, 2008) (“*Shaoxing Final Analysis Memo*”) for more information regarding the identity of this company; Shaoxing Metal Companies' Request for Collapsing, (February 26, 2008) at 15.

³ The Petitioner is M&B Metal Products Company Inc.

⁴ See *Memorandum to the File* through Catherine Bertrand, Program Manager, Office 9, from Irene Gorelik, Senior Case Analyst: Verification of the Sales and Factors Response of Shanghai Wells Hanger Co., Ltd. in the Antidumping Investigation of Steel Wire Garment Hangers from the People's Republic of China (“*PRC*”) (July 1, 2008) (“*Shanghai Wells Verification Report*”), and *Memorandum to the File* through Catherine Bertrand, Program Manager, Office 9, from Julia Hancock, Senior Case Analyst: Verification of the Sales and Factors Response of the Shaoxing Metal Companies in the Antidumping Investigation of Steel Wire Garment Hangers from the People's Republic of China (“*PRC*”), (July 3, 2008) (“*Shaoxing Metal Verification Report*”).

Department proposed in its June 27, 2008, letter.

Willert briefly referenced the Department's proposed change to the scope but focused its comments on a scope clarification request regarding its vinyl-dipped steel wire garment hangers, which we address fully in the Issues and Decision Memorandum at Comment 1. We are denying Willert's scope modification request because both the Department and Petitioner remain concerned about the possibility of circumvention under Willert's proposed exclusion. *See* Issues and Decision Memorandum at Comment 1.

Scope of Investigation

The merchandise that is subject to this investigation is steel wire garment hangers, fabricated from carbon steel wire, whether or not galvanized or painted, whether or not coated with latex or epoxy or similar gripping materials, and/or whether or not fashioned with paper covers or capes (with or without printing) and/or nonslip features such as saddles or tubes. These products may also be referred to by a commercial designation, such as shirt, suit, strut, caped, or latex (industrial) hangers. Specifically excluded from the scope of this investigation are wooden, plastic, and other garment hangers that are not made of steel wire. The products subject to this investigation are currently classified under HTSUS subheading 7326.20.0020 and 7323.99.9060.

Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the merchandise is dispositive.

Affiliations

In the *Preliminary Determination*, the Department determined that, based on the evidence on the record in this investigation and based on the evidence presented in Gangyuan's questionnaire responses, we preliminarily found that Gangyuan is affiliated with Andrew, Tongzhou, and Company X⁵ pursuant to sections 771(33)(E), (F), and (G) of the Act, based on ownership and common control. *See Preliminary Determination*, 73 FR at 15729. In addition to being affiliated, we stated that these individual companies have production facilities for similar or identical products that would not require

substantial retooling and there is a significant potential for manipulation of production based on the level of common ownership and control, shared management, and an intertwining of business operations. *See* 19 CFR 351.401(f)(1) and (2). Thus, we also found that they should be considered as a single entity known as the Shaoxing Metal Companies for purposes of this investigation. *See* 19 CFR 351.401(f).

No other information has been placed on the record since the *Preliminary Determination* to contradict the above information upon which we based our finding that these companies constitute a single entity. Therefore, for the final determination, we continue to find that the Shaoxing Metal Companies are a single entity pursuant to sections 771(33)(E), (F), and (G) of the Act, based on ownership and common control. We also continue to determine that they should be considered as a single entity for purposes of this investigation. *See* 19 CFR 351.401(f).

Use of Facts Available

Section 776(a)(2) of the Act provides that, if an interested party: (A) Withholds information that has been requested by the Department; (B) fails to provide such information in a timely manner or in the form or manner requested, subject to sections 782(c)(1) and (e) of the Act; (C) significantly impedes a proceeding under the antidumping statute; or (D) provides such information but the information cannot be verified; the Department shall, subject to subsection 782(d) of the Act, use facts otherwise available in reaching the applicable determination.

Section 782(c)(1) of the Act provides that if an interested party "promptly after receiving a request from {the Department} for information, notifies {the Department} that such party is unable to submit the information requested in the requested form and manner, together with a full explanation and suggested alternative form in which such party is able to submit the information," the Department may modify the requirements to avoid imposing an unreasonable burden on that party.

Section 782(d) of the Act provides that, if the Department determines that a response to a request for information does not comply with the request, the Department will inform the person submitting the response of the nature of the deficiency and shall, to the extent practicable, provide that person the opportunity to remedy or explain the deficiency. If that person submits further information that continues to be unsatisfactory, or this information is not

submitted within the applicable time limits, the Department may, subject to section 782(e), disregard all or part of the original and subsequent responses, as appropriate.

Section 782(e) of the Act states that the Department shall not decline to consider information deemed "deficient" under section 782(d) if: (1) The information is submitted by the established deadline; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination; (4) the interested party has demonstrated that it acted to the best of its ability; and (5) the information can be used without undue difficulties.

Furthermore, section 776(b) of the Act states that if the Department "finds that an interested party has failed to cooperate by not acting to the best of its ability to comply with a request for information from the administering authority..., the administering authority..., in reaching the applicable determination under this title, may use an inference that is adverse to the interests of that party in selecting from among the facts otherwise available." *See also* Statement of Administrative Action ("SAA") accompanying the Uruguay Round Agreements Act (URAA), H.R. Rep. No. 103-316, Vol. 1 at 870 (1994), reprinted in 1994 U.S.C.C.A.N. 4040, 4199.

Shanghai Wells

For the final determination, in accordance with sections 773(c)(3)(B) and 776(a)(1) of the Act, we have determined that the use of neutral facts available ("FA") is required for Shanghai Wells's consumption of drawing powder used in the production of subject merchandise as a factor of production rather than an overhead expense, as reported by Shanghai Wells. *See Issues and Decision Memorandum* at Comment 2. As neutral FA, we are using the public version of the consumption ratio reported by Shaoxing Gangyuan, one of the companies within the single entity, Shaoxing Metal Companies, the other mandatory respondent in this investigation. *See Memorandum to the File from Irene Gorelik, Senior Case Analyst: Program Analysis for the Final Determination of Antidumping Duty Investigation of Steel Wire Garment Hangers from the People's Republic of China: Shanghai Wells (August 7, 2008) ("Shanghai Wells Final Analysis Memo")*, for further details on the treatment of drawing powder. *See also Final Surrogate Value Memo* for the surrogate value used to value drawing powder.

⁵ Company X is business proprietary information. *See Memorandum to the File from Julia Hancock, Senior Case Analyst: Program Analysis for the Final Determination of Antidumping Duty Investigation of Steel Wire Garment Hangers from the People's Republic of China: Shaoxing Metal Companies, (August 7, 2008) ("Shaoxing Final Analysis Memo")* for more information regarding the identity of this company.

Additionally, for the final determination, in accordance with sections 773(c)(3)(B) of the Act, section 776(a)(2)(A), (B) and (D) of the Act, and section 776(b) of the Act, we have determined that the use of adverse facts available ("AFA") is warranted for Shanghai Wells's unreported consumption of water that is used in its production process. *See Issues and Decision Memorandum* at Comment 9D; *Shanghai Wells Verification Report* at 2, 35. As partial AFA, we are using Gangyuan's public version consumption ratios for water, which is the only available consumption ratio on the record. Additionally, in accordance with sections 773(c)(3)(B) of the Act, section 776(a)(2)(A), (B) and (D) of the Act, and section 776(b) of the Act, we have determined that the use of AFA is warranted for Shanghai Wells's unreported consumption of lubricant lard that is used in the production process. *See id.* To account for Shanghai Wells's lubricant lard, because Gangyuan did not use lubricant lard in the production of subject merchandise and as there is no lubricant lard consumption information on the record, the Department will use Gangyuan's water consumption ratio a second time as a proxy for the lubricant lard. We find this to be appropriate because Shanghai Wells uses two lubricant inputs in the wire rod drawing process, and we are using the only record information on lubricant inputs as the AFA plug for each lubricant input used by Shanghai Wells. Given the limited information on the record, we find this to be a sufficient basis for an adverse inference.

Shaoxing Metal Companies

For the final determination, in accordance with section 776(a)(2)(B) of the Act, we have determined that the use of partial neutral FA is required for the Shaoxing Metal Companies' consumption of water. *See Issues and Decision Memorandum* at Comment 8D. As partial FA, we are using certain months of reported data during the POI to calculate an average of the Shaoxing Metal Companies' average actual consumption of water. *See Memorandum to the File from Julia Hancock, Senior Case Analyst: Program Analysis for the Final Determination of Antidumping Duty Investigation of Steel Wire Garment Hangers from the People's Republic of China: Shaoxing Metal Companies, (August 7, 2008) ("Shaoxing Final Analysis Memo")* for further details on the treatment of water.

Additionally, for the final determination, in accordance with sections 776(a)(2)(A), (B) and (D) of the

Act, and section 776(b) of the Act, we have determined that the use of AFA is warranted for the Shaoxing Metal Companies' unverified white paper inputs, brown paper inputs, and steel scrap sales. *See Issues and Decision Memorandum* at Comment 8E; the Shaoxing Metal Verification Report, at 33–34, 37, and 46–47. As partial AFA for Gangyuan's and Andrew's white paper, we have assigned Tongzhou's highest verified usage ratio of white paper on the record as the usage ratio for Gangyuan's and Andrew's consumption of white paper. Additionally, as partial AFA for the Gangyuan's, Andrew's, and Tongzhou's brown paper, we have assigned the highest usage ratio of brown paper of the three companies on the record as each company's consumption of brown paper. Moreover, as partial AFA for Gangyuan's, Andrew's, and Tongzhou's steel scrap sales, we have not granted them a by-product offset for the final determination. *See Shaoxing Final Analysis Memo* for further details of the normal value calculation.

Finally, for the final determination, in accordance with sections 776(a)(2)(A), and (B) of the Act, we have determined that the use of partial neutral FA is required for the Shaoxing Metal Companies' direct labor and packing labor because assembly labor was incorrectly included in Gangyuan's and Andrew's packing labor. *See Shaoxing Final Analysis Memo; see also the Shaoxing Metal Verification Report, at 43 and Verification Exhibit 17.* As partial FA for the Shaoxing Metal Companies' direct labor and packing labor, we have calculated direct labor, which includes assembly labor, using the total number of direct labor hours for April 2007, and calculated packing labor, not including assembly labor, using the total number of packing labor hours for April 2007. *See Shaoxing Final Analysis Memo* for further details of the normal value calculation.

Verification

As provided in section 782(i) of the Act, we verified the information submitted by the respondents for use in our final determination. *See the Department's verification reports on the record of this investigation in the CRU with respect to Shanghai Wells and the Shaoxing Metal Companies.* For both verified companies, we used standard verification procedures, including examination of relevant accounting and production records, as well as original source documents provided by respondents.

Surrogate Country

In the *Preliminary Determination*, we stated that we had selected India as the appropriate surrogate country to use in this investigation for the following reasons: (1) It is a significant producer of comparable merchandise; (2) it is at a similar level of economic development pursuant to 773(c)(4) of the Act; and (3) we have reliable data from India that we can use to value the factors of production. *See Preliminary Determination, 73 FR at 15728–15729.* For the final determination, we received no comments and made no changes to our findings with respect to the selection of a surrogate country.

Separate Rates

In proceedings involving NME countries, the Department begins with a rebuttable presumption that all companies within the country are subject to government control and, thus, should be assigned a single antidumping duty deposit rate. It is the Department's policy to assign all exporters of merchandise subject to an investigation in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate. *See Final Determination of Sales at Less Than Fair Value: Sparklers From the People's Republic of China, 56 FR 20588 (May 6, 1991) ("Sparklers"),* as amplified by *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide From the People's Republic of China, 59 FR 22585 (May 2, 1994) ("Silicon Carbide"),* and Section 351.107(d) of the Department's regulations.

In the *Preliminary Determination*, we found that Shanghai Wells, the Shaoxing Metal Companies, and certain separate rate applicants who received a separate rate⁶ ("Separate Rate Recipients") in the *Preliminary Determination* demonstrated their eligibility for separate-rate status. For the final determination, we continue to find that the evidence placed on the record of this investigation by Shanghai Wells, the Shaoxing Metal Companies, and the Separate Rate Recipients demonstrate both a *de jure* and *de facto*

⁶ These companies are: Jiangyin Hongji Metal Products Co., Ltd, Shaoxing Meideli Metal Hanger Co., Ltd., Shaoxing Dingli Metal Clotheshorse Co., Ltd., Shaoxing Liangbao Metal Manufactured Co. Ltd., Shaoxing Zhongbao Metal Manufactured Co. Ltd., Shangyu Baoxiang Metal Manufactured Co. Ltd., Zhejiang Lucky Cloud Hanger Co., Ltd., Pu Jiang County Command Metal Products Co., Ltd., Shaoxing Shunji Metal Clotheshorse Co., Ltd., Ningbo Dasheng Hanger Ind. Co., Ltd., Jiaxing Boyi Medical Device Co., Ltd., Yiwu Ao-Si Metal Products Co., Ltd., and Shaoxing Guochao Metallic Products Co., Ltd.

absence of government control, with respect to their respective exports of the merchandise under investigation, and, thus are eligible for separate rate status.

In the *Preliminary Determination*, the Department denied a separate rate to Tianjin Hongtong Metal Manufacture Co., Ltd. (“Hongtong”) because it was unable to demonstrate that it had sales of the merchandise under consideration to the United States. We found that Hongtong was a producer and not an exporter of the merchandise under consideration during the POI and, therefore, was not eligible to receive a separate rate in this investigation. See *Preliminary Determination*, 73 FR at 15730–31. The Department has not received any information from Hongtong contrary to our preliminary finding. Therefore, we continue to find that Hongtong is not eligible to receive a separate rate in this investigation.

Lastly, we are calculating the separate rate based on the simple average of the two mandatory respondents because using a weighted average risks disclosure of business proprietary information. See *Fresh Garlic from the People’s Republic of China: Final Results and Partial Rescission of the 12th Administrative Review*, 73 FR 34251, 34252 (June 17, 2008); Memorandum to the File, from Irene Gorelik, Senior Analyst, Office 9, Import Administration, Subject: Investigation of Steel Wire Garment Hangers from the People’s Republic of China: Final Simple-Averaged Margin for Separate

Rate Companies, (August 7, 2008) at Attachment I.

The PRC-Wide Rate

In the *Preliminary Determination*, the Department stated that information on the record of this investigation indicates that there are numerous producers/exporters of hangers in the PRC. As stated in the *Preliminary Determination*, the Department collected CBP data to select respondents based on imports of hangers classified under HTSUS subheading 7326.20.00.20. See *Preliminary Determination*, 73 FR at 15731. Furthermore, upon receipt of separate-rates applications, we examined the CBP data and determined that a significant number of exporters of hangers from the PRC during the POI were neither selected for review nor filed separate-rate applications; thus, we determined that PRC exporters of hangers are not active participants in this investigation. Based upon our knowledge of the volume of imports of the merchandise under consideration from the PRC from CBP data, the volume of imports of the merchandise under consideration from Shanghai Wells, the Shaoxing Metal Companies, and the separate-rate applicants, while accounting for a significant share, do not account for all imports into the United States. Therefore, the Department continues to determine that there were PRC producers/exporters of the merchandise under consideration during the POI that did not apply for

separate rates, thus establishing that there is a PRC-Wide entity with respect to this product. Therefore, consistent with the presumption of government control, we continue to determine that some exports of subject merchandise are from entities under the control of the PRC-Wide entity. The Department’s presumption that these entries were subject to government control has not been rebutted since the *Preliminary Determination*, thus we continue to determine that these entries should be assessed a single PRC-Wide antidumping duty rate.

As the single PRC-Wide rate, we have taken the simple average of: (A) The weighted-average of the calculated rates for the Shaoxing Metal Companies and Shanghai Wells and (B) a simple average of petition rates based on U.S. prices and normal values within the range of the U.S. prices and normal values calculated for the Shaoxing Metal Companies and Shanghai Wells. This rate applies to all entries of the merchandise under investigation with the exception of those entries from Shanghai Wells, the Shaoxing Metal Companies, and the Separate-Rate Recipients. See *Amended Preliminary Determination*, 73 FR at 20020.

Final Determination Margins

We determine that the following percentage weighted-average margins exist for the POI:

STEEL WIRE GARMENT HANGERS FROM THE PRC—FINAL DUMPING MARGINS

Exporter & Producer	Weighted-average deposit rate (percent)
Shanghai Wells Hanger Co., Ltd.	15.44
Shaoxing Metal Companies	94.06
Jiangyin Hongji Metal Products Co., Ltd	54.75
Shaoxing Meideli Metal Hanger Co., Ltd.	54.75
Shaoxing Dingli Metal Clotheshorse Co., Ltd.	54.75
Shaoxing Liangbao Metal Manufactured Co. Ltd.	54.75
Shaoxing Zhongbao Metal Manufactured Co. Ltd.	54.75
Shangyu Baoxiang Metal Manufactured Co. Ltd.	54.75
Zhejiang Lucky Cloud Hanger Co., Ltd.	54.75
Pu Jiang County Command Metal Products Co., Ltd.	54.75
Shaoxing Shunji Metal Clotheshorse Co., Ltd.	54.75
Ningbo Dasheng Hanger Ind. Co., Ltd.	54.75
Jiaxing Boyi Medical Device Co., Ltd.	54.75
Yiwu Ao-Si Metal Products Co., Ltd.	54.75
Shaoxing Guochao Metallic Products Co., Ltd.	54.75
PRC-Wide Rate ⁷	186.98

⁷The PRC-Wide entity includes Tianjin Hongtong Metal Manufacture Co. Ltd.

Disclosure

We will disclose the calculations performed within five days of the date of publication of this notice to parties in this proceeding in accordance with 19 CFR 351.224(b).

Retroactive Application of Amended Preliminary Determination Cash Deposits

For all entries of subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date of the *Preliminary Determination*, March 25, 2008, and before the publication date of the *Amended Preliminary Determination*, April 14, 2008, we will instruct CBP to apply the cash deposit rates from the *Amended Preliminary Determination*. See Issues and Decision Memorandum at Comment 8H.

Continuation of Suspension of Liquidation

We will instruct CBP to continue the suspension of liquidation required by section 735(d)(2) of the Act, of all entries of subject merchandise from Shanghai Wells, the Shaoxing Metal Companies, the Separate-Rate Recipients and the PRC-wide entity entered, or withdrawn from warehouse, for consumption on or after March 25, 2008, the date of publication of the *Preliminary Determination*. CBP shall continue to require a cash deposit or the posting of a bond equal to the estimated amount by which the normal value exceeds the U.S. price as shown above. See section 735(c)(1)(B)(ii) of the Act. The suspension of liquidation instructions will remain in effect until further notice.

ITC Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (“ITC”) of our final determination of sales at LTFV. As our final determination is affirmative, in accordance with section 735(b)(2) of the Act, within 45 days the ITC will determine whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of the subject merchandise. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. See section 735(c)(2) of the Act. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess antidumping duties on all

imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation. See *id.*; section 736 of the Act.

Notification Regarding APO

This notice also serves as a reminder to the parties subject to administrative protective order (“APO”) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination and notice are issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: August 7, 2008.

David M. Spooner,

Assistant Secretary for Import Administration.

Appendix I—Discussion of the Issues

I. General Issues

Comment 1: Scope

Comment 2: Treatment of Drawing Powder Surrogate Values

Comment 3: Financial Ratios

Comment 4: Wire Rod Surrogate Value

Comment 5: Coating Powder and Glue Surrogate Values

Comment 6: Wage Rate

Comment 7: Steel Scrap Offset Surrogate Value

Company Specific Comments

Comment 8: Shaoxing Metal Companies⁸

A. Total Adverse Facts Available (“AFA”) for the Shaoxing Metal Companies

B. Total AFA for Quantity and Value (“Q&V”) of U.S. Sales

C. Partial AFA for Sales Trace A⁹

D. Partial AFA for Water

⁸ The Shaoxing Metal Companies consist of: Shaoxing Gangyuan Metal Manufactured Co., Ltd. (“Gangyuan”), Shaoxing Andrew Metal Manufactured Co., Ltd. (“Andrew”), Shaoxing Tongzhou Metal Manufactured Co., Ltd. (“Tongzhou”), and Company X. The Department normally does not consider a respondent’s supplier’s name to be business proprietary information. However, in this instance, counsel for the Shaoxing Metal Companies bracketed this information as business proprietary and the Department did not challenge this treatment. See Memorandum to the File from Julia Hancock, Senior Case Analyst: Program Analysis for the Final Determination of Antidumping Duty Investigation of Steel Wire Garment Hangers from the People’s Republic of China: Shaoxing Metal Companies, (August 7, 2008) (“Shaoxing Final Analysis Memo”) for more information regarding the identity of this company; Shaoxing Metal Companies’ Request for Collapsing, (February 26, 2008) at 15.

⁹ Because of the proprietary information of this sales trace, for further information, please see the Shaoxing Metal Verification Report at 21.

E. Partial AFA for White Paper, Brown Paper, and Steel Scrap Sales
F. Reporting of Wire and Wire Rod
G. Management and Administrative Labor
H. Retroactive Implementation of Amended Preliminary Determination Comment 9: Shanghai Wells¹⁰

A. Demurrage Revenue

B. Commission Revenue

C. Wells USA’s Indirect Selling Expenses

D. Treatment of Water and Lubricant Lard
E. Treatment of Market Economy (“ME”) Purchase

F. Elimination of Credit Expenses from Constructed Export Price (“CEP”) Profit
G. Sales to Customer X: Export Price (“EP”) or CEP¹¹

H. Payment Terms

I. Truck Freight and Brokerage

[FR Doc. E8–18851 Filed 8–13–08; 8:45 am]

BILLING CODE 3510-DS-P

¹⁰ Shanghai Wells Hanger Co., Ltd. (“Shanghai Wells”).

¹¹ The name of Customer X is business proprietary information. See Memorandum to the File from Irene Gorelik, Senior Case Analyst: Program Analysis for the Final Determination of Antidumping Duty Investigation of Steel Wire Garment Hangers from the People’s Republic of China: Shanghai Wells, (August 7, 2008) (“Shanghai Wells Final Analysis Memo”) for more information regarding the identity of this customer.

APPENDIX B
HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Steel Wire Garment Hangers from China

Inv. No.: 731-TA-1123 (Final)

Date and Time: July 31, 2008 - 9:30 a.m.

Sessions were held in connection with this investigation in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, DC

STATE GOVERNMENT WITNESS:

**Boston City Council
Boston, MA**

The Honorable Sam Yoon, Boston City Councilor At-Large

OPENING REMARKS:

Petitioners (**Frederick P. Waite**, Vorys, Sater, Seymour and Pease LLP)
Respondents (**Jeffrey S. Neeley**, Greenberg Traurig, LLP)

In Support of the Imposition of Antidumping Duties:

Vorys, Sater, Seymour and Pease LLP
Washington, DC
on behalf of

M&B Metal Products Company, Inc.

Milton M. Magnus III, President, M&B Metal
Products Company, Inc.

**In Support of the Imposition of
Antidumping Duties (continued):**

Michael J. Carmody, Design Engineer,
M&B Metal Products Company, Inc.

Steven M. Pedelty, Sales Manager, M&B Metal
Products Company, Inc.

Selma L. Boyd, Machine Operator, M&B Metal
Products Company, Inc.

Darmesh Patel, President, Shanti Industries, Inc.

David H. Mindich, President, Minda Supply
Company

Thomas A. Little, President, Fuller Supply
Company, Inc.

Gary R. Dawson, President, Belleair Bluffs
Cleaners

Patrick Magrath, Managing Director, Georgetown
Economic Consulting Services

Gina Beck, Economist, Georgetown Economic
Consulting Services

Frederick P. Waite)
) – OF COUNSEL
Kimberly R. Young)

**In Opposition to the Imposition of
Antidumping Duties:**

Greenberg Traurig, LLP
Washington, DC
on behalf of

United Wire Hanger Corporation;
Laidlaw Company; Shangyu Baoxiang
Metal Product Co., Ltd.; Zhejiang Lucky
Cloud Hanger Co., Ltd.; Shaoxing Dingli
Metal Clotheshores Co.; Shaoxing Liangbao
Metal Products Co., Ltd.; Shaoxing Meideli
Metal Products Co., Ltd.; Shaoxing Shunji
Metal Clotheshorse Co., Ltd.; Pujiang County
Command Metal Products Co., Ltd.; Ningbo
Dasheng Hanger Ind. Co., Ltd.; Jiaxing Boyi
Medical Device, Co., Ltd.; Yiwu Ao-Si Metal
Products Co., Ltd.; Shaoxing Guohao Metallic
Products Co., Ltd.; and Shaoxing Zhongbao
Metal Manufactured Co., Ltd.

Thomas Schultz, Chief Executive Officer,
Laidlaw Company

A. Joel Goldman, Executive Vice President,
United Wire Hanger Corporation

Waldemar Slezak, General (Manufacturing)
Manager, United Wire Hanger Corporation

Jeffrey S. Neeley)
) – OF COUNSEL
Michael S. Holton)

**In Opposition to the Imposition of
Antidumping Duties (continued):**

Armstrong Teasdale, LLP
St. Louis, MO

and

Steptoe & Johnson
Washington, DC
on behalf of

Willert Home Products, Inc.;
Willert Home Products (Shanghai) Co., Ltd
(collectively “Willert”)

Brian Warner, Vice President Finance, Willert

Jennifer A. Schwesig)
Thomas H. Bottini) – OF COUNSEL
Joel D. Kaufman)

Trade Pacific PLLC
Washington, DC
on behalf of

Fabricare Choice Distributors Group Inc.
 (“Fabricare Choice”)

Jonathan Freed)
) – OF COUNSEL
Ji Hyun Cathie Tak)

Johnson Westra Broecker Whittaker & Newitt, P.C.
Schaunburg, IL
on behalf of

Sang Do Kang, President, National Dry Cleaners
Institute, Inc.

Alfred S. Lee) – OF COUNSEL

**In Opposition to the Imposition of
Antidumping Duties (continued):**

Best For Less Dry Cleaners Supply, LLC
Englishtown, NJ

Alfredo Vastola, Co-Owner

The Federation of Korean Dry Cleaners Association
Los Angeles, CA

Lawrence Lim, Vice President

Paul Choe, Vice President

Federation of Drycleaners Association
Washington, DC

Dale Cho, Board Member

REBUTTAL/CLOSING REMARKS:

Petitioners (**Frederick P. Waite**, Vorys, Sater, Seymour and Pease LLP;
and **Patrick Magrath**, Georgetown Economic Consulting Services)
Respondents (**Jeffrey S. Neeley**, Greenberg Traurig, LLP)

APPENDIX C
SUMMARY DATA

Table C-1

SWG hangers: Summary data concerning the U.S. market, 2005-07, January-March 2007, and January-March 2008

(Quantity=1,000 hangers, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per 1,000 hangers; period changes=percent, except where noted)

Item	Reported data					Period changes			
	2005	2006	2007	January-March		2005-07	2005-06	2006-07	Jan.-Mar. 2007-08
				2007	2008				
U.S. consumption quantity:									
Amount	2,901,595	2,811,415	3,334,602	778,773	***	14.9	-3.1	18.6	***
Producers' share (1)	53.1	25.7	8.7	11.7	***	-44.4	-27.5	-17.0	***
Importers' share (1):					***				***
China	36.0	63.2	80.9	76.2	***	44.9	27.2	17.7	***
Other sources	10.9	11.1	10.4	12.1	***	-0.4	0.2	-0.7	***
Total imports	46.9	74.3	91.3	88.3	***	44.4	27.5	17.0	***
U.S. consumption value:									
Amount	119,653	97,623	107,759	24,199	***	-9.9	-18.4	10.4	***
Producers' share (1)	56.8	31.1	11.5	15.3	***	-45.3	-25.7	-19.6	***
Importers' share (1):					***				***
China	33.0	57.7	77.6	71.7	***	44.6	24.7	19.9	***
Other sources	10.2	11.2	11.0	13.0	***	0.7	1.0	-0.2	***
Total imports	43.2	68.9	88.5	84.7	***	45.3	25.7	19.6	***
U.S. imports from--									
China:									
Quantity	1,044,701	1,777,680	2,697,369	593,419	626,354	158.2	70.2	51.7	5.6
Value	39,445	56,335	83,595	17,342	22,682	111.9	42.8	48.4	30.8
Unit value	\$37.76	\$31.69	\$30.99	\$29.22	\$36.21	-17.9	-16.1	-2.2	23.9
Ending inventory quantity	78,475	109,418	249,269	132,506	185,476	217.6	39.4	127.8	40.0
All other sources:									
Quantity	315,631	312,182	347,824	94,469	102,094	10.2	-1.1	11.4	8.1
Value	12,231	10,928	11,802	3,147	3,812	-3.5	-10.7	8.0	21.1
Unit value	\$38.75	\$35.01	\$33.93	\$33.31	\$37.34	-12.4	-9.7	-3.1	12.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	1,360,331	2,089,862	3,045,193	687,888	728,448	123.9	53.6	45.7	5.9
Value	51,677	67,263	95,397	20,489	26,494	84.6	30.2	41.8	29.3
Unit value	\$37.99	\$32.19	\$31.33	\$29.79	\$36.37	-17.5	-15.3	-2.7	22.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity	2,188,508	1,650,619	1,055,570	260,364	***	-54.6	-27.4	-37.5	***
Production quantity	1,508,585	681,843	271,237	77,850	***	-82.0	-54.8	-60.2	***
Capacity utilization (1)	68.9	41.3	25.7	29.9	***	-43.2	-27.6	-15.6	***
U.S. shipments:									
Quantity	1,541,264	721,553	289,409	90,885	***	-81.2	-53.2	-59.9	***
Value	67,976	30,360	12,362	3,710	***	-81.8	-55.3	-59.3	***
Unit value	\$44.10	\$42.08	\$42.71	\$40.82	***	-3.2	-4.6	1.5	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	451	234	139	122	***	-69.2	-48.1	-40.6	***
Hours worked (1,000s)	987	428	196	59	***	-80.1	-56.6	-54.2	***
Wages paid (\$1,000s)	13,959	6,117	2,759	845	***	-80.2	-56.2	-54.9	***
Hourly wages	\$14.15	\$14.28	\$14.05	\$14.39	***	-0.7	0.9	-1.6	***
Productivity (hangers per hour)	1,529	1,592	1,382	1,326	***	-9.6	4.1	-13.2	***
Unit labor costs	\$9.25	\$8.97	\$10.17	\$10.85	***	9.9	-3.0	13.4	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Undefined.

(3) Not applicable.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table C-2

SWG hangers: Summary data concerning the U.S. market (excluding Laidlaw), 2005-07, January-March 2007, and January-March 2008

(Quantity=1,000 hangers, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per 1,000 hangers; period changes=percent, except where noted)

Item	Reported data					Period changes			
	2005	2006	2007	January-March		2005-07	2005-06	2006-07	Jan.-Mar. 2007-08
U.S. consumption quantity:									
Amount	2,901,595	2,811,415	3,334,602	778,773	***	14.9	-3.1	18.6	***
Producers' share (1):									
Laidlaw	***	***	***	***	***	***	***	***	***
All other producers	***	***	***	***	***	***	***	***	***
Total producers	53.1	25.7	8.7	11.7	***	-44.4	-27.5	-17.0	***
Importers' share (1):									
China	36.0	63.2	80.9	76.2	***	44.9	27.2	17.7	***
Other sources	10.9	11.1	10.4	12.1	***	-0.4	0.2	-0.7	***
Total imports	46.9	74.3	91.3	88.3	***	44.4	27.5	17.0	***
U.S. consumption value:									
Amount	119,653	97,623	107,759	24,199	***	-9.9	-18.4	10.4	***
Producers' share (1):									
Laidlaw	***	***	***	***	***	***	***	***	***
All other producers	***	***	***	***	***	***	***	***	***
Total producers	56.8	31.1	11.5	15.3	***	-45.3	-25.7	-19.6	***
Importers' share (1):									
China	33.0	57.7	77.6	71.7	***	44.6	24.7	19.9	***
Other sources	10.2	11.2	11.0	13.0	***	0.7	1.0	-0.2	***
Total imports	43.2	68.9	88.5	84.7	***	45.3	25.7	19.6	***
U.S. imports from--									
China:									
Quantity	1,044,701	1,777,680	2,697,369	593,419	626,354	158.2	70.2	51.7	5.6
Value	39,445	56,335	83,595	17,342	22,682	111.9	42.8	48.4	30.8
Unit value	\$37.76	\$31.69	\$30.99	\$29.22	\$36.21	-17.9	-16.1	-2.2	23.9
Ending inventory quantity	78,475	109,418	249,269	132,506	185,476	217.6	39.4	127.8	40.0
All other sources:									
Quantity	315,631	312,182	347,824	94,469	102,094	10.2	-1.1	11.4	8.1
Value	12,231	10,928	11,802	3,147	3,812	-3.5	-10.7	8.0	21.1
Unit value	\$38.75	\$35.01	\$33.93	\$33.31	\$37.34	-12.4	-9.7	-3.1	12.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	1,360,331	2,089,862	3,045,193	687,888	728,448	123.9	53.6	45.7	5.9
Value	51,677	67,263	95,397	20,489	26,494	84.6	30.2	41.8	29.3
Unit value	\$37.99	\$32.19	\$31.33	\$29.79	\$36.37	-17.5	-15.3	-2.7	22.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers' (2)									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (hangers per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***
U.S. shipments by Laidlaw:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Excluding Laidlaw.

(3) Undefined.

(4) Not applicable.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table C-3

SWG hangers: Summary data concerning the U.S. market (excluding United Wire), 2005-07, January-March 2007, and January-March 2008

(Quantity=1,000 hangers, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per 1,000 hangers; period changes=percent, except where noted)

Item	Reported data					Period changes			
	2005	2006	2007	January-March		2005-07	2005-06	2006-07	Jan.-Mar. 2007-08
U.S. consumption quantity:									
Amount	2,901,595	2,811,415	3,334,602	778,773	***	14.9	-3.1	18.6	***
Producers' share (1):					***				***
United Wire	***	***	***	***	***	***	***	***	***
All other producers	***	***	***	***	***	***	***	***	***
Total producers	53.1	25.7	8.7	11.7	***	-44.4	-27.5	-17.0	***
Importers' share (1):					***				***
China	36.0	63.2	80.9	76.2	***	44.9	27.2	17.7	***
Other sources	10.9	11.1	10.4	12.1	***	-0.4	0.2	-0.7	***
Total imports	46.9	74.3	91.3	88.3	***	44.4	27.5	17.0	***
U.S. consumption value:									
Amount	119,653	97,623	107,759	24,199	***	-9.9	-18.4	10.4	***
Producers' share (1):					***				***
United Wire	***	***	***	***	***	***	***	***	***
All other producers	***	***	***	***	***	***	***	***	***
Total producers	56.8	31.1	11.5	15.3	***	-45.3	-25.7	-19.6	***
Importers' share (1):					***				***
China	33.0	57.7	77.6	71.7	***	44.6	24.7	19.9	***
Other sources	10.2	11.2	11.0	13.0	***	0.7	1.0	-0.2	***
Total imports	43.2	68.9	88.5	84.7	***	45.3	25.7	19.6	***
U.S. imports from--									
China:									
Quantity	1,044,701	1,777,680	2,697,369	593,419	626,354	158.2	70.2	51.7	5.6
Value	39,445	56,335	83,595	17,342	22,682	111.9	42.8	48.4	30.8
Unit value	\$37.76	\$31.69	\$30.99	\$29.22	\$36.21	-17.9	-16.1	-2.2	23.9
Ending inventory quantity	78,475	109,418	249,269	132,506	185,476	217.6	39.4	127.8	40.0
All other sources:									
Quantity	315,631	312,182	347,824	94,469	102,094	10.2	-1.1	11.4	8.1
Value	12,231	10,928	11,802	3,147	3,812	-3.5	-10.7	8.0	21.1
Unit value	\$38.75	\$35.01	\$33.93	\$33.31	\$37.34	-12.4	-9.7	-3.1	12.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	1,360,331	2,089,862	3,045,193	687,888	728,448	123.9	53.6	45.7	5.9
Value	51,677	67,263	95,397	20,489	26,494	84.6	30.2	41.8	29.3
Unit value	\$37.99	\$32.19	\$31.33	\$29.79	\$36.37	-17.5	-15.3	-2.7	22.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers' (2)									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (hangers per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***
U.S. shipments by United Wire:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Excluding United Wire.

(3) Undefined.

(4) Not applicable.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table C-4

SWG hangers: Summary data concerning the U.S. market (excluding Laidlaw and United Wire), 2005-07, January-March 2007, and January-March 2008

(Quantity=1,000 hangers, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per 1,000 hangers; period changes=percent, except where noted)

Item	Reported data				Period changes				
	2005	2006	2007	January-March 2007	2008	2005-07	2005-06	2006-07	Jan.-Mar. 2007-08
U.S. consumption quantity:									
Amount	2,901,595	2,811,415	3,334,602	778,773	***	14.9	-3.1	18.6	***
Producers' share (1):									
Laidlaw & United Wire	***	***	***	***	***	***	***	***	***
All other producers	***	***	***	***	***	***	***	***	***
Total producers	53.1	25.7	8.7	11.7	***	-44.4	-27.5	-17.0	***
Importers' share (1):									
China	36.0	63.2	80.9	76.2	***	44.9	27.2	17.7	***
Other sources	10.9	11.1	10.4	12.1	***	-0.4	0.2	-0.7	***
Total imports	46.9	74.3	91.3	88.3	***	44.4	27.5	17.0	***
U.S. consumption value:									
Amount	119,653	97,623	107,759	24,199	***	-9.9	-18.4	10.4	***
Producers' share (1):									
Laidlaw & United Wire	***	***	***	***	***	***	***	***	***
All other producers	***	***	***	***	***	***	***	***	***
Total producers	56.8	31.1	11.5	15.3	***	-45.3	-25.7	-19.6	***
Importers' share (1):									
China	33.0	57.7	77.6	71.7	***	44.6	24.7	19.9	***
Other sources	10.2	11.2	11.0	13.0	***	0.7	1.0	-0.2	***
Total imports	43.2	68.9	88.5	84.7	***	45.3	25.7	19.6	***
U.S. imports from--									
China:									
Quantity	1,044,701	1,777,680	2,697,369	593,419	626,354	158.2	70.2	51.7	5.6
Value	39,445	56,335	83,595	17,342	22,682	111.9	42.8	48.4	30.8
Unit value	\$37.76	\$31.69	\$30.99	\$29.22	\$36.21	-17.9	-16.1	-2.2	23.9
Ending inventory quantity	78,475	109,418	249,269	132,506	185,476	217.6	39.4	127.8	40.0
All other sources:									
Quantity	315,631	312,182	347,824	94,469	102,094	10.2	-1.1	11.4	8.1
Value	12,231	10,928	11,802	3,147	3,812	-3.5	-10.7	8.0	21.1
Unit value	\$38.75	\$35.01	\$33.93	\$33.31	\$37.34	-12.4	-9.7	-3.1	12.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	1,360,331	2,089,862	3,045,193	687,888	728,448	123.9	53.6	45.7	5.9
Value	51,677	67,263	95,397	20,489	26,494	84.6	30.2	41.8	29.3
Unit value	\$37.99	\$32.19	\$31.33	\$29.79	\$36.37	-17.5	-15.3	-2.7	22.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers' (2)									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (hangers per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***
U.S. shipments by Laidlaw/United Wire:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Excluding Laidlaw and United Wire.

(3) Undefined.

(4) Not applicable.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

APPENDIX D

PRICE DATA EXCLUDING CERTAIN U.S. PRODUCERS

Table D-1

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding Laidlaw) and imported product 1 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005: Jan.-Mar.	***	***	\$25.05	64,692	***	***	***
Apr.-June	***	***	25.87	79,027	***	***	***
July-Sept.	***	***	26.05	60,713	***	***	***
Oct.-Dec.	***	***	26.65	65,156	***	***	***
2006: Jan.-Mar.	***	***	23.56	39,986	***	***	***
Apr.-June	***	***	23.61	62,238	***	***	***
July-Sept.	***	***	22.52	65,515	***	***	***
Oct.-Dec.	***	***	22.69	68,874	***	***	***
2007: Jan.-Mar.	***	***	22.99	85,642	***	***	***
Apr.-June	***	***	23.71	111,675	***	***	***
July-Sept.	***	***	24.64	89,536	***	***	***
Oct.-Dec.	***	***	29.05	95,376	***	***	***
2008: Jan.-Mar.	***	***	29.85	103,847	***	***	***

Product 1: 18-inch white shirt hangers.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-2

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding Laidlaw) and imported product 2 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	***	***	\$41.02	13,468	***	***	***
Apr.-June	***	***	41.02	13,279	***	***	***
July-Sept.	***	***	42.41	12,413	***	***	***
Oct.-Dec.	***	***	41.63	14,573	***	***	***
2006:							
Jan.-Mar.	***	***	38.81	12,374	***	***	***
Apr.-June	***	***	42.04	10,809	***	***	***
July-Sept.	***	***	37.80	13,409	***	***	***
Oct.-Dec.	***	***	38.49	14,653	***	***	***
2007:							
Jan.-Mar.	***	***	36.15	10,001	***	***	***
Apr.-June	***	***	35.59	12,308	***	***	***
July-Sept.	***	***	39.19	10,959	***	***	***
Oct.-Dec.	***	***	39.80	12,575	***	***	***
2008:							
Jan.-Mar.	***	***	45.63	14,178	***	***	***

Product 2: 13 gauge /16-inch plain capped hangers.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-3

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding Laidlaw) and imported product 3 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	***	***	\$31.98	9,161	***	***	***
Apr.-June	***	***	30.77	10,801	***	***	***
July-Sept.	***	***	29.30	8,548	***	***	***
Oct.-Dec.	***	***	33.84	9,785	***	***	***
2006:							
Jan.-Mar.	***	***	26.89	9,777	***	***	***
Apr.-June	***	***	28.28	10,980	***	***	***
July-Sept.	***	***	32.14	10,640	***	***	***
Oct.-Dec.	***	***	29.99	10,952	***	***	***
2007:							
Jan.-Mar.	***	***	30.08	8,913	***	***	***
Apr.-June	***	***	29.14	15,328	***	***	***
July-Sept.	***	***	34.66	11,215	***	***	***
Oct.-Dec.	***	***	32.55	13,884	***	***	***
2008:							
Jan.-Mar.	***	***	36.42	10,605	***	***	***

Product 3: 13 gauge /16-inch stock print capped hangers.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-4

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding Laidlaw) and imported product 4 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	***	***	\$33.30	10,830	***	***	***
Apr.-June	***	***	33.73	10,854	***	***	***
July-Sept.	***	***	33.23	10,204	***	***	***
Oct.-Dec.	***	***	32.39	9,487	***	***	***
2006:							
Jan.-Mar.	***	***	31.68	8,280	***	***	***
Apr.-June	***	***	30.09	9,173	***	***	***
July-Sept.	***	***	29.20	11,404	***	***	***
Oct.-Dec.	***	***	28.78	11,040	***	***	***
2007:							
Jan.-Mar.	***	***	29.27	7,867	***	***	***
Apr.-June	***	***	28.32	9,979	***	***	***
July-Sept.	***	***	31.57	9,585	***	***	***
Oct.-Dec.	***	***	31.74	9,701	***	***	***
2008:							
Jan.-Mar.	***	***	34.79	7,924	***	***	***

Product 4: 14½ gauge /16-inch plain caped hangers.

Note.-- One importer reported pricing data for Taiwan for the first three quarters of 2006; prices ranged from \$*** and quantities ranged from ***.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-5

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding Laidlaw) and imported product 5 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	***	***	\$33.46	11,216	***	***	***
Apr.-June	***	***	37.22	8,602	***	***	***
July-Sept.	***	***	36.75	8,487	***	***	***
Oct.-Dec.	***	***	35.44	9,406	***	***	***
2006:							
Jan.-Mar.	***	***	36.77	6,482	***	***	***
Apr.-June	***	***	31.72	14,182	***	***	***
July-Sept.	***	***	29.54	18,456	***	***	***
Oct.-Dec.	***	***	29.22	15,196	***	***	***
2007:							
Jan.-Mar.	***	***	30.68	9,522	***	***	***
Apr.-June	***	***	29.05	13,891	***	***	***
July-Sept.	***	***	32.05	11,480	***	***	***
Oct.-Dec.	***	***	32.38	14,483	***	***	***
2008:							
Jan.-Mar.	***	***	40.16	11,911	***	***	***

Product 5: 14½ gauge /16-inch plain print capped hangers.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-6

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding Laidlaw) and imported product 6 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	***	***	\$47.56	50,500	***	***	***
Apr.-June	***	***	48.65	59,726	***	***	***
July-Sept.	***	***	49.86	46,855	***	***	***
Oct.-Dec.	***	***	48.52	48,922	***	***	***
2006:							
Jan.-Mar.	***	***	46.65	55,828	***	***	***
Apr.-June	***	***	39.84	97,682	***	***	***
July-Sept.	***	***	39.28	71,836	***	***	***
Oct.-Dec.	***	***	39.39	71,043	***	***	***
2007:							
Jan.-Mar.	***	***	41.76	75,720	***	***	***
Apr.-June	***	***	40.64	93,699	***	***	***
July-Sept.	***	***	39.77	75,942	***	***	***
Oct.-Dec.	***	***	41.12	86,507	***	***	***
2008:							
Jan.-Mar.	***	***	46.87	74,191	***	***	***
Product 6: 16-inch strut hangers.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table D-7

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding Laidlaw) and imported product 7 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***
July-Sept.	***	***	34.25	2,001	***	***	***
Oct.-Dec.	***	***	33.96	2,389	***	***	***
2006:							
Jan.-Mar.	***	***	38.01	22,370	***	***	***
Apr.-June	***	***	38.35	29,651	***	***	***
July-Sept.	***	***	38.62	33,360	***	***	***
Oct.-Dec.	***	***	37.07	49,931	***	***	***
2007:							
Jan.-Mar.	***	***	***	***	***	***	***
Apr.-June	***	***	35.46	98,288	***	***	***
July-Sept.	***	***	37.68	103,365	***	***	***
Oct.-Dec.	***	***	39.47	79,160	***	***	***
2008:							
Jan.-Mar.	***	***	43.65	83,848	***	***	***

Product 7: 13 gauge /16-inch latex hangers.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-8

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 8 (excluding Laidlaw) and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005: Jan.-Mar.	***	***	\$34.91	5,259	***	***	***
Apr.-June	***	***	35.99	8,260	***	***	***
July-Sept.	***	***	33.18	6,400	***	***	***
Oct.-Dec.	***	***	35.38	7,027	***	***	***
2006: Jan.-Mar.	***	***	36.01	19,242	***	***	***
Apr.-June	***	***	34.36	19,483	***	***	***
July-Sept.	***	***	32.94	17,250	***	***	***
Oct.-Dec.	***	***	32.78	19,583	***	***	***
2007: Jan.-Mar.	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***
Oct.-Dec.	***	***	38.80	46,979	***	***	***
2008: Jan.-Mar.	***	***	42.49	42,764	***	***	***

Product 8: 13 gauge /16-inch suit hangers.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-9

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding United) and imported product 1 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	***	***	\$25.05	64,692	***	***	***
Apr.-June	***	***	25.87	79,027	***	***	***
July-Sept.	***	***	26.05	60,713	***	***	***
Oct.-Dec.	***	***	26.65	65,156	***	***	***
2006:							
Jan.-Mar.	***	***	23.56	39,986	***	***	***
Apr.-June	***	***	23.61	62,238	***	***	***
July-Sept.	***	***	22.52	65,515	***	***	***
Oct.-Dec.	***	***	22.69	68,874	***	***	***
2007:							
Jan.-Mar.	***	***	22.99	85,642	***	***	***
Apr.-June	***	***	23.71	111,675	***	***	***
July-Sept.	***	***	24.64	89,536	***	***	***
Oct.-Dec.	***	***	29.05	95,376	***	***	***
2008:							
Jan.-Mar.	***	***	29.85	103,847	***	***	***
Product 1: 18-inch white shirt hangers.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table D-10

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding United) and imported product 2 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	***	***	\$41.02	13,468	***	***	***
Apr.-June	***	***	41.02	13,279	***	***	***
July-Sept.	***	***	42.41	12,413	***	***	***
Oct.-Dec.	***	***	41.63	14,573	***	***	***
2006:							
Jan.-Mar.	***	***	38.81	12,374	***	***	***
Apr.-June	***	***	42.04	10,809	***	***	***
July-Sept.	***	***	37.80	13,409	***	***	***
Oct.-Dec.	***	***	38.49	14,653	***	***	***
2007:							
Jan.-Mar.	***	***	36.15	10,001	***	***	***
Apr.-June	***	***	35.59	12,308	***	***	***
July-Sept.	***	***	39.19	10,959	***	***	***
Oct.-Dec.	***	***	39.80	12,575	***	***	***
2008:							
Jan.-Mar.	***	***	45.63	14,178	***	***	***
Product 2: 13 gauge /16-inch plain capped hangers.							
1***.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table D-11

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding United) and imported product 3 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	***	***	\$31.98	9,161	***	***	***
Apr.-June	***	***	30.77	10,801	***	***	***
July-Sept.	***	***	29.30	8,548	***	***	***
Oct.-Dec.	***	***	33.84	9,785	***	***	***
2006:							
Jan.-Mar.	***	***	26.89	9,777	***	***	***
Apr.-June	***	***	28.28	10,980	***	***	***
July-Sept.	***	***	32.14	10,640	***	***	***
Oct.-Dec.	***	***	29.99	10,952	***	***	***
2007:							
Jan.-Mar.	***	***	30.08	8,913	***	***	***
Apr.-June	***	***	29.14	15,328	***	***	***
July-Sept.	***	***	34.66	11,215	***	***	***
Oct.-Dec.	***	***	32.55	13,884	***	***	***
2008:							
Jan.-Mar.	***	***	36.42	10,605	***	***	***

Product 3: 13 gauge /16-inch stock print capped hangers.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-12

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding United) and imported product 4 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	***	***	\$33.30	10,830	***	***	***
Apr.-June	***	***	33.73	10,854	***	***	***
July-Sept.	***	***	33.23	10,204	***	***	***
Oct.-Dec.	***	***	32.39	9,487	***	***	***
2006:							
Jan.-Mar.	***	***	31.68	8,280	***	***	***
Apr.-June	***	***	30.09	9,173	***	***	***
July-Sept.	***	***	29.20	11,404	***	***	***
Oct.-Dec.	***	***	28.78	11,040	***	***	***
2007:							
Jan.-Mar.	***	***	29.27	7,867	***	***	***
Apr.-June	***	***	28.32	9,979	***	***	***
July-Sept.	***	***	31.57	9,585	***	***	***
Oct.-Dec.	***	***	31.74	9,701	***	***	***
2008:							
Jan.-Mar.	***	***	34.79	7,924	***	***	***

Product 4: 14½ gauge /16-inch plain capped hangers.

Note.-- One importer reported pricing data for Taiwan for the first three quarters of 2006; prices ranged from \$*** and quantities ranged from ***.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-13

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding United) and imported product 5 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	***	***	\$33.46	11,216	***	***	***
Apr.-June	***	***	37.22	8,602	***	***	***
July-Sept.	***	***	36.75	8,487	***	***	***
Oct.-Dec.	***	***	35.44	9,406	***	***	***
2006:							
Jan.-Mar.	***	***	36.77	6,482	***	***	***
Apr.-June	***	***	31.72	14,182	***	***	***
July-Sept.	***	***	29.54	18,456	***	***	***
Oct.-Dec.	***	***	29.22	15,196	***	***	***
2007:							
Jan.-Mar.	***	***	30.68	9,522	***	***	***
Apr.-June	***	***	29.05	13,891	***	***	***
July-Sept.	***	***	32.05	11,480	***	***	***
Oct.-Dec.	***	***	32.38	14,483	***	***	***
2008:							
Jan.-Mar.	***	***	40.16	11,911	***	***	***

Product 5: 14½ gauge /16-inch plain print capped hangers.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-14

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding United) and imported product 6 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	***	***	\$47.56	50,500	***	***	***
Apr.-June	***	***	48.65	59,726	***	***	***
July-Sept.	***	***	49.86	46,855	***	***	***
Oct.-Dec.	***	***	48.52	48,922	***	***	***
2006:							
Jan.-Mar.	***	***	46.65	55,828	***	***	***
Apr.-June	***	***	39.84	97,682	***	***	***
July-Sept.	***	***	39.28	71,836	***	***	***
Oct.-Dec.	***	***	39.39	71,043	***	***	***
2007:							
Jan.-Mar.	***	***	41.76	75,720	***	***	***
Apr.-June	***	***	40.64	93,699	***	***	***
July-Sept.	***	***	39.77	75,942	***	***	***
Oct.-Dec.	***	***	41.12	86,507	***	***	***
2008:							
Jan.-Mar.	***	***	46.87	74,191	***	***	***

Product 6: 16-inch strut hangers.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-15

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding United) and imported product 7 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***
July-Sept.	***	***	34.25	2,001	***	***	***
Oct.-Dec.	***	***	33.96	2,389	***	***	***
2006:							
Jan.-Mar.	***	***	38.01	22,370	***	***	***
Apr.-June	***	***	38.35	29,651	***	***	***
July-Sept.	***	***	38.62	33,360	***	***	***
Oct.-Dec.	***	***	37.07	49,931	***	***	***
2007:							
Jan.-Mar.	***	***	***	***	***	***	***
Apr.-June	***	***	35.46	98,288	***	***	***
July-Sept.	***	***	37.68	103,365	***	***	***
Oct.-Dec.	***	***	39.47	79,160	***	***	***
2008:							
Jan.-Mar.	***	***	43.65	83,848	***	***	***

Product 7: 13 gauge /16-inch latex hangers.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-16

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 8 (excluding United) and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005: Jan.-Mar.	***	***	\$34.91	5,259	***	***	***
Apr.-June	***	***	35.99	8,260	***	***	***
July-Sept.	***	***	33.18	6,400	***	***	***
Oct.-Dec.	***	***	35.38	7,027	***	***	***
2006: Jan.-Mar.	***	***	36.01	19,242	***	***	***
Apr.-June	***	***	34.36	19,483	***	***	***
July-Sept.	***	***	32.94	17,250	***	***	***
Oct.-Dec.	***	***	32.78	19,583	***	***	***
2007: Jan.-Mar.	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***
Oct.-Dec.	***	***	38.80	46,979	***	***	***
2008: Jan.-Mar.	***	***	42.49	42,764	***	***	***
Product 8: 13 gauge /16-inch suit hangers.							
1*** .							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table D-17

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding Laidlaw and United) and imported product 1 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005: Jan.-Mar.	***	***	\$25.05	64,692	***	***	***
Apr.-June	***	***	25.87	79,027	***	***	***
July-Sept.	***	***	26.05	60,713	***	***	***
Oct.-Dec.	***	***	26.65	65,156	***	***	***
2006: Jan.-Mar.	***	***	23.56	39,986	***	***	***
Apr.-June	***	***	23.61	62,238	***	***	***
July-Sept.	***	***	22.52	65,515	***	***	***
Oct.-Dec.	***	***	22.69	68,874	***	***	***
2007: Jan.-Mar.	***	***	22.99	85,642	***	***	***
Apr.-June	***	***	23.71	111,675	***	***	***
July-Sept.	***	***	24.64	89,536	***	***	***
Oct.-Dec.	***	***	29.05	95,376	***	***	***
2008: Jan.-Mar.	***	***	29.85	103,847	***	***	***

Product 1: 18-inch white shirt hangers.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-18

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding Laidlaw and United) and imported product 2 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	***	***	\$41.02	13,468	***	***	***
Apr.-June	***	***	41.02	13,279	***	***	***
July-Sept.	***	***	42.41	12,413	***	***	***
Oct.-Dec.	***	***	41.63	14,573	***	***	***
2006:							
Jan.-Mar.	***	***	38.81	12,374	***	***	***
Apr.-June	***	***	42.04	10,809	***	***	***
July-Sept.	***	***	37.80	13,409	***	***	***
Oct.-Dec.	***	***	38.49	14,653	***	***	***
2007:							
Jan.-Mar.	***	***	36.15	10,001	***	***	***
Apr.-June	***	***	35.59	12,308	***	***	***
July-Sept.	***	***	39.19	10,959	***	***	***
Oct.-Dec.	***	***	39.80	12,575	***	***	***
2008:							
Jan.-Mar.	***	***	45.63	14,178	***	***	***

Product 2: 13 gauge /16-inch plain capped hangers.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-19

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding Laidlaw and United) and imported product 3 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	***	***	\$31.98	9,161	***	***	***
Apr.-June	***	***	30.77	10,801	***	***	***
July-Sept.	***	***	29.30	8,548	***	***	***
Oct.-Dec.	***	***	33.84	9,785	***	***	***
2006:							
Jan.-Mar.	***	***	26.89	9,777	***	***	***
Apr.-June	***	***	28.28	10,980	***	***	***
July-Sept.	***	***	32.14	10,640	***	***	***
Oct.-Dec.	***	***	29.99	10,952	***	***	***
2007:							
Jan.-Mar.	***	***	30.08	8,913	***	***	***
Apr.-June	***	***	29.14	15,328	***	***	***
July-Sept.	***	***	34.66	11,215	***	***	***
Oct.-Dec.	***	***	32.55	13,884	***	***	***
2008:							
Jan.-Mar.	***	***	36.42	10,605	***	***	***

Product 3: 13 gauge /16-inch stock print capped hangers.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-20

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding Laidlaw and United) and imported product 4 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005: Jan.-Mar.	***	***	\$33.30	10,830	***	***	***
Apr.-June	***	***	33.73	10,854	***	***	***
July-Sept.	***	***	33.23	10,204	***	***	***
Oct.-Dec.	***	***	32.39	9,487	***	***	***
2006: Jan.-Mar.	***	***	31.68	8,280	***	***	***
Apr.-June	***	***	30.09	9,173	***	***	***
July-Sept.	***	***	29.20	11,404	***	***	***
Oct.-Dec.	***	***	28.78	11,040	***	***	***
2007: Jan.-Mar.	***	***	29.27	7,867	***	***	***
Apr.-June	***	***	28.32	9,979	***	***	***
July-Sept.	***	***	31.57	9,585	***	***	***
Oct.-Dec.	***	***	31.74	9,701	***	***	***
2008: Jan.-Mar.	***	***	34.79	7,924	***	***	***

Product 4: 14½ gauge /16-inch plain capped hangers.

Note.-- One importer reported pricing data for Taiwan for the first three quarters of 2006; prices ranged from \$*** and quantities ranged from ***.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-21

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding Laidlaw and United) and imported product 5 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	***	***	\$33.46	11,216	***	***	***
Apr.-June	***	***	37.22	8,602	***	***	***
July-Sept.	***	***	36.75	8,487	***	***	***
Oct.-Dec.	***	***	35.44	9,406	***	***	***
2006:							
Jan.-Mar.	***	***	36.77	6,482	***	***	***
Apr.-June	***	***	31.72	14,182	***	***	***
July-Sept.	***	***	29.54	18,456	***	***	***
Oct.-Dec.	***	***	29.22	15,196	***	***	***
2007:							
Jan.-Mar.	***	***	30.68	9,522	***	***	***
Apr.-June	***	***	29.05	13,891	***	***	***
July-Sept.	***	***	32.05	11,480	***	***	***
Oct.-Dec.	***	***	32.38	14,483	***	***	***
2008:							
Jan.-Mar.	***	***	40.16	11,911	***	***	***

Product 5: 14½ gauge /16-inch plain print capped hangers.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-22

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding Laidlaw and United) and imported product 6 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	***	***	\$47.56	50,500	***	***	***
Apr.-June	***	***	48.65	59,726	***	***	***
July-Sept.	***	***	49.86	46,855	***	***	***
Oct.-Dec.	***	***	48.52	48,922	***	***	***
2006:							
Jan.-Mar.	***	***	46.65	55,828	***	***	***
Apr.-June	***	***	39.84	97,682	***	***	***
July-Sept.	***	***	39.28	71,836	***	***	***
Oct.-Dec.	***	***	39.39	71,043	***	***	***
2007:							
Jan.-Mar.	***	***	41.76	75,720	***	***	***
Apr.-June	***	***	40.64	93,699	***	***	***
July-Sept.	***	***	39.77	75,942	***	***	***
Oct.-Dec.	***	***	41.12	86,507	***	***	***
2008:							
Jan.-Mar.	***	***	46.87	74,191	***	***	***

Product 6: 16-inch strut hangers.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-23

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic (excluding Laidlaw and United) and imported product 7 and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005:							
Jan.-Mar.	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***
July-Sept.	***	***	34.25	2,001	***	***	***
Oct.-Dec.	***	***	33.96	2,389	***	***	***
2006:							
Jan.-Mar.	***	***	38.01	22,370	***	***	***
Apr.-June	***	***	38.35	29,651	***	***	***
July-Sept.	***	***	38.62	33,360	***	***	***
Oct.-Dec.	***	***	37.07	49,931	***	***	***
2007:							
Jan.-Mar.	***	***	***	***	***	***	***
Apr.-June	***	***	35.46	98,288	***	***	***
July-Sept.	***	***	37.68	103,365	***	***	***
Oct.-Dec.	***	***	39.47	79,160	***	***	***
2008:							
Jan.-Mar.	***	***	43.65	83,848	***	***	***

Product 7: 13 gauge /16-inch latex hangers.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-24

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 8 (excluding Laidlaw and United) and margins of underselling/(overselling), by quarters, January 2005-March 2008

Period	United States		China			Mexico	
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)	Price (per 1,000 hangers)	Quantity (1,000 hangers)
2005: Jan.-Mar.	***	***	\$34.91	5,259	***	***	***
Apr.-June	***	***	35.99	8,260	***	***	***
July-Sept.	***	***	33.18	6,400	***	***	***
Oct.-Dec.	***	***	35.38	7,027	***	***	***
2006: Jan.-Mar.	***	***	36.01	19,242	***	***	***
Apr.-June	***	***	34.36	19,483	***	***	***
July-Sept.	***	***	32.94	17,250	***	***	***
Oct.-Dec.	***	***	32.78	19,583	***	***	***
2007: Jan.-Mar.	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***
Oct.-Dec.	***	***	38.80	46,979	***	***	***
2008: Jan.-Mar.	***	***	42.49	42,764	***	***	***

Product 8: 13 gauge /16-inch suit hangers.

Source: Compiled from data submitted in response to Commission questionnaires.