

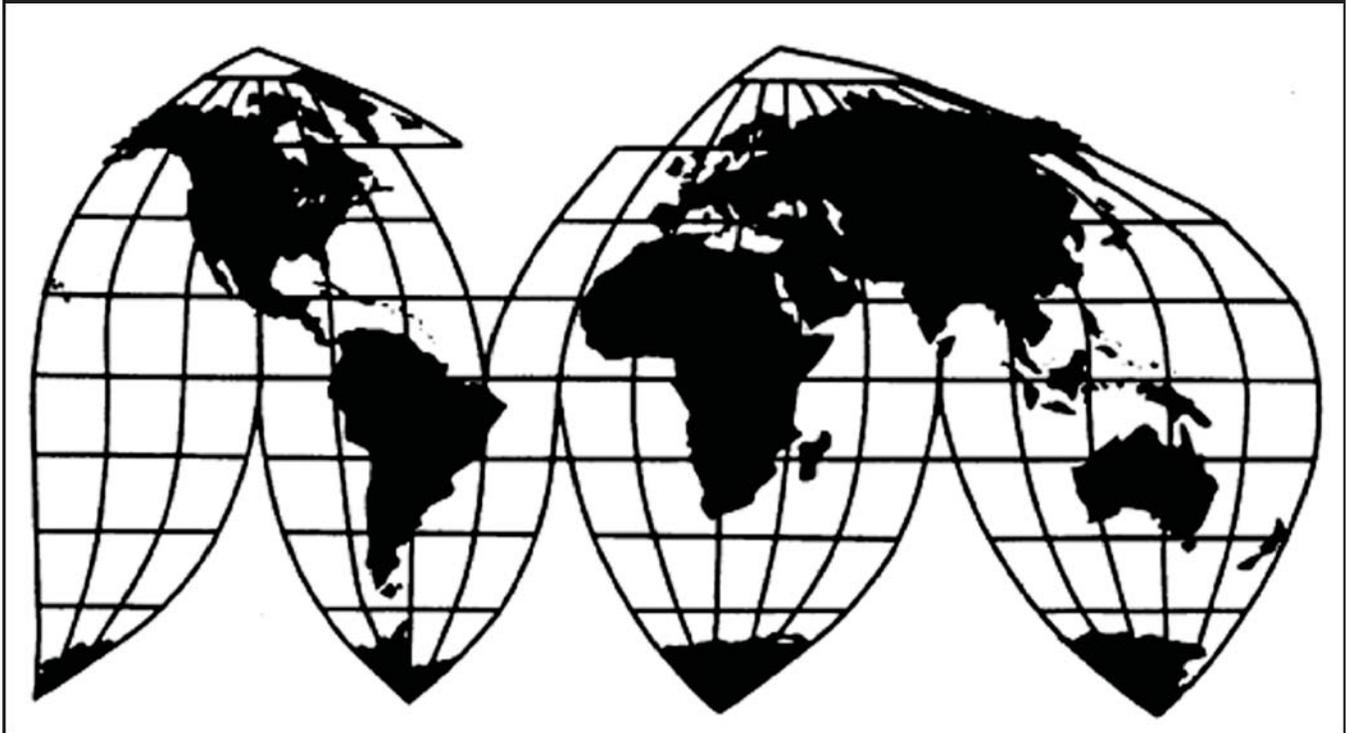
Steel Wire Garment Hangers from Taiwan

Investigation No. 731-TA-1197 (Final)

Publication 4363

November 2012

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1197 (Final)

STEEL WIRE GARMENT HANGERS FROM TAIWAN

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 of steel wire garment hangers from Taiwan, provided for in subheading 7326.20.00 of the Harmonized Tariff Schedule of the United States, that the U.S. Department of Commerce has determined are sold in the United States at less than fair value (“LTFV”).²

BACKGROUND

The Commission instituted this investigation effective December 29, 2011, following receipt of a petition filed with the Commission and Commerce by M&B Metal Products Company, Inc., Leeds, AL; Innovative Fabrication LLC/Indy Hanger, Indianapolis, IN; and US Hanger Company LLC, Gardena, CA. 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 Taiwan were dumped within the meaning of 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* on August 20, 2012 (77 FR 50160) and on August 22, 2012 (77 FR 50713, corrected). The hearing was held in Washington, DC, on October 24, 2012, 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)).

² All six Commissioners voted in the affirmative.

IEWS OF THE COMMISSION

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

I. BACKGROUND

On December 29, 2011, M&B Metal Products Company, Inc., Innovative Fabrication LLC/Indy Hanger, and US Hanger Company, LLC (collectively “Petitioners”), which are domestic producers of SWG hangers, filed antidumping duty petitions with respect to SWG hangers from Taiwan and Vietnam and a countervailing duty petition with respect to SWG hangers from Vietnam.^{1 2} Petitioners submitted prehearing and posthearing briefs, and representatives of petitioners appeared at the hearing accompanied by counsel. H212 Dry Cleaning Supply, Inc., an importer of SWG hangers, and Tan Dinh Enterprise and Infinite Industrial Hanger, Ltd., producers of the subject SWG hangers in Vietnam (collectively “Respondents”), submitted prehearing and posthearing briefs and appeared through counsel at the hearing. Respondents’ briefs and testimony were limited to the issue of critical circumstances concerning subject imports from Vietnam, which is not relevant to this determination.

U.S. industry data are based on questionnaire responses from three firms that accounted for *** percent of U.S. production of SWG hangers in 2011.³ The Commission also received questionnaire responses from 15 firms that imported SWG hangers from Taiwan, Vietnam, or non-subject countries in 2011 and collectively accounted for 49.1 percent of all imports of SWG hangers in 2011; they accounted for *** percent of subject imports from Taiwan, *** percent of subject imports from Vietnam, and *** percent of imports from other sources in 2011.⁴ Import data are based on official Commerce statistics. No foreign producer in Taiwan submitted a questionnaire response.⁵ The Vietnamese industry’s data are based on foreign producer questionnaire responses from two producers in Vietnam that responded to the Commission’s foreign producer questionnaire; they accounted for *** percent of U.S. imports of SWG hangers from Vietnam in 2011.⁶

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 subject merchandise, the Commission first defines the “domestic

¹ Confidential Staff Report (“CR”) and Public Staff Report (“PR”) at I-1.

² The Commission is required to issue this determination prior to its determinations in the investigations of SWG hangers from Vietnam because Commerce issued its final determination with respect to Taiwan earlier than its determinations with respect to Vietnam (currently due on December 10, 2012).

³ CR at III-2, PR at III-1. Three current domestic producers (Eagle Hangers, Inc., Ganchos N.V., and Metro Supply Company) did not respond to the questionnaire; they are believed to have accounted for *** percent of domestic production in 2010. Three producers of SWG hangers that ceased production during the period of investigation (Shanti, Great Plains, and Platinum Hanger) also did not respond; they are believed to have accounted for *** percent of domestic production in 2010. CR at III-1-2, PR at III-1.

⁴ CR/PR at IV-1.

⁵ CR at VII-2, PR at VII-1.

⁶ CR at VII-5, PR at VII-3.

like product” and the “industry.”⁷ Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Tariff Act”), defines the relevant domestic industry as the “producers as a whole 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.”⁸ In turn, the Tariff 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.”⁹

The decision regarding the appropriate domestic like product 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.¹⁰ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.¹¹ The Commission looks for clear dividing lines among possible like products and disregards minor variations.¹² Although the Commission must accept Commerce’s determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value,¹³ the Commission determines what domestic product is like the imported articles Commerce has identified.¹⁴

B. Product Description

Commerce defined the scope of the imported merchandise under investigation as follows:

[S]teel 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

⁷ 19 U.S.C. § 1677(4)(A).

⁸ 19 U.S.C. § 1677(4)(A).

⁹ 19 U.S.C. § 1677(10).

¹⁰ 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).

¹¹ See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

¹² Nippon, 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.”).

¹³ See, e.g., USEC, Inc. v. United States, 34 Fed. Appx. 725, 730 (Fed. Cir. 2002) (“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).

¹⁴ Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Cleo, 501 F.3d at 1298 n.1 (“Commerce’s {scope} finding does not control the Commission’s {like product} determination.”); Torrington, 747 F. Supp. at 748-52 (affirming the Commission’s determination defining six like products in investigations in which Commerce found five classes or kinds).

referred to by a commercial designation, such as shirt, suit, strut, caped, or latex (industrial) hangers.¹⁵

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 types of dry cleaning hangers are caped hangers, shirt hangers, suit hangers, and strut hangers. Each of these general categories includes a range of hangers in varying sizes and finishes, 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 ends. This paper tube or strut may be coated with a nonslip material to prevent the garment from falling off the hanger. Hangers for light items, such as basic shirt hangers, are produced using the thinnest wire, while hangers for heavier items are produced from heavier wire. SWG hangers are generally painted or epoxy-coated to prevent rusting.¹⁶

C. Domestic Like Product

In the preliminary phase of the investigation, Petitioners argued for a single domestic like product that is coextensive with the scope definition, and no party advocated a different like product definition. In its determination in the preliminary phase, the Commission found no clear dividing lines among the various hangers and defined a single domestic like product consisting of SWG hangers that was coextensive with the scope of the investigation. The Commission observed that all SWG hangers have similar shapes, are manufactured from steel wire or galvanized steel wire, and are used by dry cleaners, industrial laundries, and uniform rental or textile firms to drape or suspend clothing and other textiles. It found that SWG hangers produced domestically were sold both to distributors for use by dry cleaners and to industrial laundries, uniform rental, and textile firms. Domestic producers reported using similar, highly automated machinery regardless of the type of SWG hanger produced; all parties considered all SWG hangers to be the same product; and the various SWG hangers were priced on a continuum depending on the specific type of hanger at issue.¹⁷

The record in the final phase of this investigation concerning the definition of the domestic like product is not materially different from that in the preliminary phase.¹⁸ Petitioners again urge the Commission to find a single domestic like product that is coextensive with the SWG hangers described in the scope.¹⁹ No party opposes that definition. Therefore, we define a single domestic like product consisting of SWG hangers that is coextensive with the scope of the investigation.

¹⁵ 77 Fed. Reg. 46055, 46044 (Aug. 2, 2012), 77 Fed. Reg. 32930 (June 4, 2012). Commerce specifically excluded four types of hangers from the scope of this investigation: (1) wooden, plastic, and other garment hangers that are not made of steel wire; (2) SWG hangers with swivel hooks; (3) SWG hangers with clips permanently affixed; and (4) chrome-plated SWG hangers with a diameter of 3.4 mm or greater. As Commerce further explained, the products within the scope of this investigation are currently classified under HTSUS subheadings 7326.20.0020 and 7323.99.9080. Id.

¹⁶ CR at I-11, PR at I-8.

¹⁷ Steel Wire Garment Hangers from Taiwan and Vietnam, Inv. Nos. 701-TA-487 and 731-TA-1197-1198 (Preliminary), USITC Pub. 4305 ("USITC Pub. 4305") at 6-7 (Feb. 2012).

¹⁸ See, e.g., CR at I-11-15, II-1-2, II-7-12; PR at I-8-11, II-1, II-4-9.

¹⁹ Petitioners' Prehearing Brief at 3-4.

D. Domestic Industry

The domestic industry is defined as the domestic “producers as a whole 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.”²⁰ 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.

Petitioners ask the Commission to define the domestic industry as all U.S. producers of SWG hangers; no party argues otherwise. Based on our finding regarding the appropriate domestic like product, we define the domestic industry as all U.S. producers of SWG hangers.²¹

III. CUMULATION^{22 23}

For purposes of evaluating the volume and price effects for a determination of material injury by reason of subject imports, section 771(7)(G)(i) of the Tariff Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with the domestic like product in the U.S. market.²⁴ In assessing whether subject imports compete with each other and with the domestic like product, the Commission generally has considered four factors:

²⁰ 19 U.S.C. § 1677(4)(A).

²¹ We note that there are no issues under the related parties provision of the statute. See 19 U.S.C. § 1677(4)(B).

²² In the preliminary phase of this investigation, respondent parties argued that the Commission should have adjusted Commerce’s official import statistics, alleging that data on imports from Taiwan and Vietnam may have included imports of SWG hangers that were in fact produced in China. They observed that Commerce had made a preliminary determination that two producers in Vietnam had circumvented the antidumping duty order on SWG hangers from China. The Commission explained in its determinations in the preliminary phase, however, that when allegations concerning transshipment are made, the Commission normally will defer to Commerce or Customs if one of those agencies has definitively ruled on the issue. See USEC, Inc. v. United States, 34 Fed. Appx. 730-31 (Fed. Cir. 2002). Absent such a ruling, the Commission has discretion to adjust official Customs import data to account for transshipped goods, but will do so only when persuasive record evidence of transshipment permits it to make an accurate adjustment. USITC Pub. 4305 at 12, citing Certain Stainless Steel Butt-Weld Pipe Fittings from Italy, Malaysia, and the Philippines, 731-TA-865-867 (Final), USITC Pub. 3387 at 10-11, n.64 (Jan. 2001); Automotive Replacement Glass Windshields from China, Inv. No. 731-TA-922 (Final), USITC Pub. 3494 at 14, n.87 (Mar. 2002).

In the preliminary phase of this investigation, the Commission relied on official import data as the best available measure of the volume of imports from Taiwan and Vietnam, finding that the record did not include evidence indicating the specific volume of subject imports that was transshipped or was otherwise circumventing the order on imports from China. Preliminary Determination, USITC Pub. 4305 at 8-14. In the final phase of this investigation, as in the preliminary phase, the record includes no definitive data regarding the volumes involved in any transshipments. See, e.g., CR/PR at IV-6 n.5. Absent any such record evidence, we continue to rely on official Commerce statistics for subject import volume data.

²³ Negligibility under 19 U.S.C. § 1677(24) is not an issue in this investigation. Official statistics from Commerce indicate that, from December 2010 to November 2011, which is the most recent 12-month period preceding the filing of the petition for which data are available, subject imports from Taiwan accounted for 3.4 percent of all imports of SWG hangers and are thus above the statute’s three percent negligibility level.

²⁴ 19 U.S.C. § 1677(7)(G)(i).

- (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
- (2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;
- (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
- (4) whether the subject imports are simultaneously present in the market.²⁵

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.²⁶ Only a “reasonable overlap” of competition is required.²⁷

Petitioners argue that the Commission should cumulate subject imports from Taiwan with subject imports from Vietnam because they are fungible with one another and with the domestic like product and all were sold simultaneously in the same channels of distribution and throughout the United States.²⁸

The threshold requirement for cumulation is satisfied because Petitioners filed the antidumping and countervailing duty petitions with respect to imports from Taiwan and Vietnam on the same day, December 29, 2011.²⁹ In addition, none of the statutory exceptions to cumulation is applicable. As discussed below, we also find a reasonable overlap of competition between subject imports from Taiwan and Vietnam and between subject imports from each source and the domestic like product.

Fungibility. The record indicates that there are similarities in the types of SWG hangers sold in the U.S. market that are produced in the United States, Taiwan, and Vietnam.³⁰ Moreover, responding domestic producers and a majority of responding importers and purchasers reported that SWG hangers produced in the United States, Taiwan, and Vietnam are always interchangeable with each other.³¹ The record, therefore, reflects a high degree of fungibility among SWG hangers made in the United States, Taiwan, and Vietnam.

²⁵ See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Invs. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), aff’d, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int’l Trade), aff’d, 859 F.2d 915 (Fed. Cir. 1988).

²⁶ See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int’l Trade 1989).

²⁷ The Statement of Administrative Action to the Uruguay Round Agreements Act, H.R. Rep. No. 103-316 (1994) (“SAA”) expressly states that “the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition.” H.R. Doc. No. 103-316, Vol. I at 848 (citing Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int’l Trade 1988)), aff’d, 859 F.2d 915 (Fed. Cir. 1988); see Goss Graphic Sys., Inc. v. United States, 33 F. Supp. 2d 1082, 1087 (Ct. Int’l Trade 1998) (“cumulation does not require two products to be highly fungible”); Wieland Werke, AG, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”).

²⁸ Petitioners’ Prehearing Brief at 16-18.

²⁹ CR/PR at I-1; see 19 U.S.C. § 1677(7)(G)(i).

³⁰ During the period of investigation, there were shipments of the domestic like product and subject imports from each source in each category of SWG hanger (shirt, suit, strut, caped, drapery, and uniform), except that shipments of hangers from Vietnam did not include uniform hangers, which accounted for a substantial share of the domestic like product and subject imports from Taiwan. CR/PR at Table IV-4. There was also substantial overlap in the types of coatings used on SWG hangers sold in the U.S. market that were manufactured in Taiwan, Vietnam, and the United States. For instance, painted SWG hangers accounted for a substantial share of domestic producers’ shipments and imports from both Taiwan and Vietnam. CR/PR at Table IV-5.

³¹ CR/PR at Table II-4.

Channels of Distribution. Regardless of source, SWG hangers produced in Taiwan, Vietnam, and the United States were sold both to distributors and end users, although there was some variation by country. The proportion of imports from Vietnam sold to distributors was consistently greater than the share sold to end users. Imports from Taiwan were increasingly sold to distributors over the period of investigation, while the domestic product exhibited the opposite trend.³²

Geographic Overlap. Questionnaire respondents reported that SWG hangers manufactured in the United States, Taiwan, and Vietnam competed in overlapping geographic markets throughout the United States.³³

Simultaneous presence. The domestic industry sold SWG hangers in the U.S. market throughout the investigation period. In the 42 months between January 2009 and June 2012, imports of SWG hangers from Taiwan and Vietnam entered the United States in 41 and 42 months, respectively, although their monthly volumes varied over time.³⁴

In sum, because the relevant antidumping and countervailing duty petitions were filed on the same day, and the record indicates that subject imports from Taiwan and Vietnam are fungible with each other and the domestic like product, were simultaneously present in the U.S. market during the investigation period, and were sold in overlapping geographic regions in overlapping channels of distribution, we cumulate subject imports from Taiwan and Vietnam for purposes of our analysis of whether the domestic industry is materially injured by reason of subject imports from Taiwan.

IV. MATERIAL INJURY BY REASON OF SUBJECT IMPORTS FROM TAIWAN

A. Legal Standards

In the final phase of antidumping and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.³⁵ 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 the domestic producers of the domestic like product, but only in the context of U.S. production operations.³⁶ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”³⁷ 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.³⁸ 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.”³⁹

Although the statute requires the Commission to determine whether the domestic industry is “materially injured or threatened with material injury by reason of” unfairly traded imports,⁴⁰ it does not define the phrase “by reason of,” indicating that this aspect of the injury analysis is left to the

³² CR/PR at Table II-1.

³³ CR at IV-11, PR at IV-10.

³⁴ CR at IV-12, PR at V-11; CR/PR at Figure IV-1.

³⁵ 19 U.S.C. §§ 1671d(b), 1673d(b).

³⁶ 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 ... and explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B).

³⁷ 19 U.S.C. § 1677(7)(A).

³⁸ 19 U.S.C. § 1677(7)(C)(iii).

³⁹ 19 U.S.C. § 1677(7)(C)(iii).

⁴⁰ 19 U.S.C. §§ 1671d(a), 1673d(a).

Commission's reasonable exercise of its discretion.⁴¹ In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.⁴²

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.⁴³ In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.⁴⁴ Nor does the "by reason of" standard require that unfairly traded imports be the "principal" cause of injury or

⁴¹ Angus Chemical Co. v. United States, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) ("The statute does not 'compel the commissioners' to employ {a particular methodology}.", aff'd, 944 F. Supp. 943, 951 (Ct. Int'l Trade 1996).

⁴² The Federal Circuit, in addressing the causation standard of the statute, observed that "{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement." Nippon Steel Corp. v. USITC, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in Mittal Steel Point Lisas Ltd. v. United States, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that "this court requires evidence in the record 'to show that the harm occurred "by reason of" the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.'" See also Nippon Steel Corp. v. United States, 458 F.3d 1345, 1357 (Fed. Cir. 2006); Taiwan Semiconductor Industry Ass'n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

⁴³ SAA at 851-52 ("The Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-249 at 75 (1979) (the Commission "will consider information which indicates that harm is caused by factors other than less-than-fair-value imports."); H.R. Rep. 96-317 at 47 (1979) ("in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;" those factors include "the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry"); accord Mittal Steel, 542 F.3d at 877.

⁴⁴ SAA at 851-52 ("The Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); Taiwan Semiconductor Industry Ass'n v. USITC, 266 F.3d at 1345 ("The Commission need not isolate the injury caused by other factors from injury caused by unfair imports Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports." (emphasis in original)); Asociacion de Productores de Salmon y Trucha de Chile AG v. United States, 180 F. Supp. 2d 1360, 1375 (Ct. Int'l Trade 2002) ("the Commission is not required to isolate the effects of subject imports from other factors contributing to injury" or make "bright-line distinctions" between the effects of subject imports and other causes.); see also Softwood Lumber from Canada, Invs. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that "{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, i.e., it is not an 'other causal factor,' then there is nothing to further examine regarding attribution to injury"), citing Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997) (the statute "does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.").

contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.⁴⁵ It is clear that the existence of injury caused by other factors does not compel a negative determination.⁴⁶

Assessment of whether material injury to the domestic industry is “by reason of” subject imports “does not require the Commission to address the causation issue in any particular way” as long as “the injury to the domestic industry can reasonably be attributed to the subject imports” and the Commission “ensure{s} that it is not attributing injury from other sources to the subject imports.”^{47 48} Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”⁴⁹

The Federal Circuit’s decisions in Gerald Metals, Bratsk, and Mittal Steel all involved cases where the relevant “other factor” was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit’s guidance in Bratsk as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.⁵⁰ The additional “replacement/benefit” test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago determination that underlies the Mittal Steel litigation.

Mittal Steel clarifies that the Commission’s interpretation of Bratsk was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have “evidence in the record” to “show that the harm occurred ‘by reason of’ the LTFV imports,” and requires that the Commission not attribute

⁴⁵ S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

⁴⁶ See Nippon Steel Corp., 345 F.3d at 1381 (“an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the ‘dumping’ need not be the sole or principal cause of injury.”).

⁴⁷ Mittal Steel, 542 F.3d at 877-78; see also id. at 873 (“While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured ‘by reason of’ subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.”) citing United States Steel Group v. United States, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75.

⁴⁸ Commissioner Pinkert does not join this paragraph or the following three paragraphs. He points out that the Federal Circuit, in Bratsk, 444 F.3d 1369, and Mittal Steel, held that the Commission is required, in certain circumstances when considering present material injury, to undertake a particular kind of analysis of nonsubject imports, albeit without reliance upon presumptions or rigid formulas. Mittal Steel explains as follows:

What Bratsk held is that “where commodity products are at issue and fairly traded, price-competitive, nonsubject imports are in the market,” the Commission would not fulfill its obligation to consider an important aspect of the problem if it failed to consider whether nonsubject or non-LTFV imports would have replaced LTFV subject imports during the period of investigation without a continuing benefit to the domestic industry. 444 F.3d at 1369. Under those circumstances, Bratsk requires the Commission to consider whether replacement of the LTFV subject imports might have occurred during the period of investigation, and it requires the Commission to provide an explanation of its conclusion with respect to that factor.

542 F.3d at 878.

⁴⁹ Nucor Corp. v. United States, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); see also Mittal Steel, 542 F.3d at 879 (“Bratsk did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was ‘by reason’ of subject imports.”).

⁵⁰ Mittal Steel, 542 F.3d at 875-79.

injury from nonsubject imports or other factors to subject imports.⁵¹ Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to Bratsk.

The progression of Gerald Metals, Bratsk, and Mittal Steel clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.⁵²

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.⁵³ Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.⁵⁴

B. 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.

1. Demand Conditions

Demand for SWG hangers is derived from demand in the dry cleaning, industrial laundry, and uniform rental industries.⁵⁵ SWG hangers are generally sold to distributors that resell the product to dry cleaners or directly to end users in the industrial laundry and uniform rental industries.⁵⁶ Most SWG hangers are sold in pallets of boxes containing 500 hangers each, and thicker hangers (struts, drapery, and polo knit hangers) can be packed 250 to a box.⁵⁷

All domestic producers reported that SWG hangers were not subject to distinctive business cycles, including seasonality. The majority of importers and purchasers also reported that there was no business cycle or seasonality in the SWG hanger market.⁵⁸

Market participants' views were mixed as to demand trends over the period of investigation. Some of the firms that reported decreases or fluctuations in demand cited a weak economy and a decrease

⁵¹ Mittal Steel, 542 F.3d at 873 (quoting from Gerald Metals, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission's alternative interpretation of Bratsk as a reminder to conduct a non-attribution analysis).

⁵² To that end, after the Federal Circuit issued its decision in Bratsk, the Commission began to present published information or send out information requests in final phase investigations to producers in nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject import suppliers). In order to provide a more complete record for the Commission's causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested information in final phase investigations in which there are substantial levels of nonsubject imports.

⁵³ We provide in our respective discussions of volume, price effects, and impact a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

⁵⁴ Mittal Steel, 542 F.3d at 873; Nippon Steel Corp., 458 F.3d at 1350, citing U.S. Steel Group, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

⁵⁵ CR at II-5, PR at II-3.

⁵⁶ CR at II-1, II-5; PR at II-1, II-3.

⁵⁷ CR at I-15, PR at I-11.

⁵⁸ Several firms reported seasonality and indicated that business declined in the summer months. CR at II-6, PR at II-4.

in garment cleaning. Four purchasers reported that the number of dry cleaners had declined over the period of investigation.⁵⁹

Apparent U.S. consumption of SWG hangers was relatively stable during the period of investigation, showing only modest fluctuations. Apparent U.S. consumption declined from *** hangers in 2009 to *** hangers in 2010, and then increased to *** hangers in 2011. It was *** hangers in interim 2011 and *** hangers in interim 2012.⁶⁰

2. Supply Conditions

During the period of investigation, the U.S. market was supplied by domestic production, subject imports, and nonsubject imports. The domestic industry's share of the U.S. market increased from *** percent in 2009 to *** percent in 2011, and was *** percent in interim 2011 and *** percent in interim 2012.⁶¹ The petition identified six current and three former U.S. producers of SWG hangers. Current producers include petitioners M&B Metal Products Co., Inc., Indy Hanger, and U.S. Hanger Co., as well as Eagle Hangers, Inc., Metro Supply, and Ganchos N.V. Metro Supply and Ganchos are believed to have relatively small SWG hanger operations. Three other firms, Great Plains, Platinum Hanger, and Shanti Industries, Inc., shut down operations during the period of investigation.⁶²

Cumulated subject imports' market share increased irregularly from *** percent in 2009 to *** percent in 2011; their share was *** percent in interim 2011 and *** percent in interim 2012.⁶³ The record contains little information about the nature of the industry in Taiwan. The Commission received foreign producer questionnaire responses from only two firms in Vietnam, N-Tech and Triloan Hangers.⁶⁴ N-Tech reported ceasing operations in December 2011 in response to the filing of the petitions.⁶⁵

Nonsubject imports declined overall from 54.9 percent of apparent U.S. consumption in 2009 to 43.3 percent in 2011 and held 33.3 percent of the market in interim 2011 and 48.3 percent of the market in interim 2012.⁶⁶ China and Mexico were the leading sources of nonsubject imports during the investigation period.⁶⁷ SWG hangers from China have been subject to a U.S. antidumping duty order since October 2008.⁶⁸ The level of nonsubject imports from China varied markedly over the investigation period, which Petitioners viewed as a response to changes in the antidumping duty deposit rate applicable to imports from China under the antidumping duty order.⁶⁹ The principal source of SWG hangers from Mexico is a facility owned by petitioner M&B Hangers.⁷⁰ Imports of SWG hangers from Mexico declined steadily over the period of investigation.⁷¹

⁵⁹ CR at II-6, PR at II-4.

⁶⁰ CR/PR at Tables IV-6, IV-7.

⁶¹ CR/PR at Table IV-7.

⁶² CR at III-1-4, PR at III-1-3. Several new producers entered the SWG hanger industry in the United States following issuance of the antidumping duty order on SWG hangers from China. These included Shanti Industries, Platinum Hanger, and Great Plains Hanger, which, as noted above, also ceased operations during the period of investigation. CR/PR at Table III-2.

⁶³ CR/PR at Table IV-7.

⁶⁴ These firms accounted for only *** percent of U.S. imports of SWG hangers from Vietnam in 2011 and an unknown share of production in Taiwan.

⁶⁵ CR at VII-5, PR at VII-3.

⁶⁶ CR/PR at Table IV-7.

⁶⁷ CR/PR at IV-3-5, Table IV-2.

⁶⁸ CR at I-6, PR at I-4.

⁶⁹ Petitioners' Prehearing Brief at 9-12, CR at VII-13-14, PR at VII-7.

⁷⁰ CR at VII-14, PR at VII-7.

⁷¹ CR/PR at Table IV-2; CR at VII-14, PR at VII-7.

3. Substitutability

The record indicates a high degree of substitutability among SWG hangers produced in the United States and those produced in Taiwan and Vietnam. All responding domestic producers and a majority of responding importers and purchasers reported that SWG hangers produced in the United States, Taiwan, and Vietnam are always interchangeable with one another.⁷² Most purchasers found the domestic like product to be comparable with subject imports from both Taiwan and Vietnam with regard to most non-price characteristics.⁷³ Consequently, the record data indicate that the domestic like product and the subject imports are good substitutes.

4. Other Conditions

The share of domestic producers' U.S. shipments that were sold to distributors for resale to dry cleaners declined over the period of investigation as the share of shipments to end users sold for industrial use increased. By contrast, the share of importers' U.S. shipments of subject imports sold to distributors increased as the share of shipments to end users declined.⁷⁴

C. Volume of Subject Imports

In evaluating the volume of subject imports, section 771(7)(C)(i) of the Tariff 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."⁷⁵

We find the volume of cumulated subject imports to be significant both absolutely and relative to apparent U.S. consumption and domestic production. Subject import quantity increased from 758.2 million SWG hangers in 2009 to 1.2 billion SWG hangers in 2010, before declining to 967.2 million SWG hangers in 2011, for an overall increase of 27.6 percent from 2009 to 2011.⁷⁶ Subject import market share increased from *** percent in 2009 to *** percent in 2010, then declined to *** percent in 2011, for a net gain of *** percentage points over the period.⁷⁷ The ratio of subject imports to U.S. production also remained high during the period, notwithstanding an overall decline from *** percent in 2009 to *** percent in 2011.⁷⁸

Subject import volume was 557.9 million SWG hangers in interim 2011 and 425.3 million SWG hangers in interim 2012, and subject import market share was *** percent in interim 2011 and *** percent in interim 2012.⁷⁹ The ratio of subject imports to U.S. production was *** percent in interim 2011 and *** percent in interim 2012.⁸⁰ We attribute the lower absolute volume of subject imports in interim 2012 to the filing of the petitions in late 2011 and, therefore, discount post-petition effects in our

⁷² CR/PR at Table II-4.

⁷³ CR/PR at Table II-6, PR at I-4.

⁷⁴ CR/PR at Table II-1.

⁷⁵ 19 U.S.C. § 1677(7)(C)(i).

⁷⁶ CR/PR at Tables IV-6, C-1.

⁷⁷ CR/PR at Tables IV-7, C-1.

⁷⁸ CR/PR at Table IV-8.

⁷⁹ CR/PR at Tables IV-6, C-1.

⁸⁰ CR/PR at Table IV-8.

analysis.⁸¹ We also observe that, notwithstanding these post-petition effects, subject import volume remained substantial in 2012 in relation to apparent consumption.⁸²

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

D. Price Effects of Subject Imports

In evaluating the price effects of the subject imports, section 771(7)(C)(ii) of the Tariff Act provides that 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.⁸³

As previously discussed, the domestic like product and subject imports are highly substitutable. Based on available record information, we find that price is an important factor to purchasers of SWG hangers. Price was identified as very important by 26 of 31 responding purchasers, and 20 of 29 responding purchasers identified price as the most important or second-most important factor in purchasing decisions.⁸⁴ When asked whether differences other than price were ever significant to purchasers in choosing among SWG hangers from different sources, domestic producers responded “never.”⁸⁵ A majority of importers reported that factors other than price are always or frequently important, whereas purchasers were more divided on this question.⁸⁶

The Commission collected quarterly, weighted-average, f.o.b. prices and quantities sold for five SWG hanger products for the period January 2009 through June 2012.⁸⁷ Three domestic producers and nine importers submitted usable pricing data, although not all firms reported data for all products for all quarters.⁸⁸ Reported pricing data accounted for approximately *** percent of domestic producers’ shipments of SWG hangers, *** percent of U.S. shipments of subject imports from Taiwan, and *** percent of U.S. shipments of subject imports from Vietnam during the period for which sales were reported.⁸⁹ The pricing data indicate that cumulated subject imports from Taiwan and Vietnam undersold the domestic like product in 70 of 110 quarterly price comparisons.⁹⁰ Underselling margins ranged from *** percent to *** percent.⁹¹ In light of the substitutability of the products and the importance of price in

⁸¹ See 19 U.S.C. § 1677(7)(I).

⁸² CR/PR at Table IV-8.

⁸³ 19 U.S.C. § 1677(7)(C)(ii).

⁸⁴ CR/PR at Tables II-2, II-3.

⁸⁵ CR/PR at Table II-5.

⁸⁶ Id.

⁸⁷ These include (1) 18-inch shirt hangers; (2) 13-gauge/16-inch plain caped hangers; (3) 13-gauge/16-inch stock print caped hangers; (4) 16-inch strut hangers; and (5) 13-gauge/16-inch latex hangers (long neck). CR at V-3.

⁸⁸ CR at V-3, PR at V-2.

⁸⁹ CR at V-3, PR at V-2.

⁹⁰ CR/PR at Table V-7.

⁹¹ CR/PR at Table V-7. Even discounting the interim 2012 data, which may reflect reduced subject import quantities attributable to the filing of the petitions, there was underselling by subject imports in *** quarterly comparisons between the first quarter of 2009 and the fourth quarter of 2011. CR/PR at Tables V-1-V-5. Petitioners

purchasing decisions, we find that there has been significant underselling of the domestic like product by subject imports from Taiwan and Vietnam.

Reported prices for all SWG hangers from Taiwan and Vietnam declined over the period of investigation.⁹² Reported prices for SWG hangers manufactured in the United States fluctuated within a fairly narrow range, with prices lower at the end of the period for four of the five products.⁹³ In particular, we note that domestic producers' price declines were greatest between 2009 and 2010, when subject imports increased most rapidly. Further, the greatest decline in the domestic producers' prices occurred with regard to product 5, sales of which accounted for the largest volume of U.S. shipments of both the domestic like product and subject imports.⁹⁴ Given these trends in domestic producers' reported prices, we find that subject imports from Taiwan and Vietnam depressed domestic producers' prices to a significant degree over the period of investigation.

Additionally, responding purchasers confirmed a substantial number of lost sales allegations and lost revenue allegations made by three domestic producers in the preliminary and final phases of the investigation.⁹⁵ Moreover, the record includes evidence of buyers switching purchases of SWG hangers from U.S. producers to suppliers of SWG hangers from Taiwan or Vietnam on the basis of price.⁹⁶

In sum, subject imports significantly undersold and significantly depressed prices for the domestic like product. The relatively high degree of substitutability between the subject imports and domestically produced SWG hangers and the importance of price to purchasers in the U.S. market further underscore the significance of the underselling. Confirmed lost sales allegations, lost revenue allegations, and evidence of purchasers switching from the domestic like product to subject imports on the basis of price also indicate that the domestic industry lost sales to lower-priced subject imports. For the foregoing reasons, we find that the subject imports had significant adverse effects on prices in the United States for the domestic like product.

E. Impact of the Subject Imports⁹⁷

Section 771(7)(C)(iii) of the Tariff 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

question the reliability of the quarterly pricing data reported by importers for subject imports from Taiwan. Petitioners' Prehearing Brief at 22, Petitioners' Posthearing Brief at 8-9. Petitioners contend that one responding importer reported quantities and values that were the same from quarter to quarter or reported values that were anomalously higher than those reported by other reporting firms. Petitioners' Posthearing Brief at 9-10. We need not reach Petitioners' arguments, however, because the pricing data as reported for cumulated subject imports from Taiwan and Vietnam nonetheless show predominant underselling. CR/PR at Table V-7.

⁹² CR/PR at Tables V-1-V-6.

⁹³ CR at V-3-4. Domestic producers' prices for products 2, 3, 4, and 5 were lower in both the fourth quarter of 2011 and the second quarter of 2012 than during the first quarter of 2009, whereas the price for product 1 was higher in both the fourth quarter of 2011 and the second quarter of 2012 than in the first quarter of 2009. CR/PR at Tables V-1 - V-6.

⁹⁴ CR/PR at Tables V-1-V-6.

⁹⁵ CR at V-17-V-35, PR at V-9-11.

⁹⁶ CR at V-17.

⁹⁷ In its final determination on subject imports from Taiwan, Commerce found dumping margins of 125.43 percent for Taiwan Hanger Manufacturing Co. and 69.98 percent for Golden Canyon Ltd. and all others. 77 Fed. Reg. 62492 (Oct. 15, 2012). Commerce has not issued final determinations in its investigations of SWG hangers from Vietnam. In its preliminary antidumping duty determination concerning subject imports from Vietnam, Commerce found margins of 135.81 percent for four named producers and 187.51 percent for all others. 77 Fed. Reg. 46044, 46053 (Aug. 2, 2012).

bearing on the state of the industry.”⁹⁸ These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, 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.”⁹⁹

The available information in this investigation¹⁰⁰ indicates that the domestic industry generally performed poorly even after Commerce imposed antidumping duties on SWG hangers from China in October 2008. Although the domestic industry showed improvement in several output-related factors, its operating performance remained quite poor throughout the period of investigation.

The domestic industry’s production and shipments increased during the period of investigation, but capacity utilization remained low. The industry’s capacity increased from *** hangers in 2009 to *** hangers in 2011, and was *** hangers in interim 2011 and *** hangers in interim 2012.¹⁰¹ The industry’s production increased from *** hangers in 2009 to *** hangers in 2011, and was *** hangers in interim 2011 and *** hangers in interim 2012.¹⁰² Its rate of capacity utilization, however, was only *** percent in 2009, *** percent in 2011, *** percent in interim 2011, and *** percent in interim 2012.¹⁰³ U.S. shipments by the domestic industry increased from *** hangers in 2009 to *** hangers in 2011 and were *** hangers in interim 2011 and *** hangers in interim 2012.¹⁰⁴ Because it increased shipments after the imposition of antidumping duties against SWG hangers from China in 2008, the domestic industry increased its share of U.S. apparent consumption during the period of investigation; nevertheless, the

⁹⁸ 19 U.S.C. § 1677(7)(C)(iii); see also URAA 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.”).

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

¹⁰⁰ As discussed in section I, not all domestic producers responded to the questionnaire in this investigation, but those producers that did respond accounted for *** percent of U.S. production of SWG hangers in 2011. CR at III-2.

¹⁰¹ CR/PR at Table III-3.

¹⁰² Id.

¹⁰³ Id.

¹⁰⁴ CR/PR at Table III-4. The domestic industry’s export shipments increased from *** hangers in 2009 to *** hangers in 2011 and were *** hangers in interim 2011 and *** hangers in interim 2012. Id.

The industry reduced its end-of-period inventories of SWG hangers during the period of investigation. Ending inventories were *** hangers in 2009, *** hangers in 2010, *** hangers in 2011, *** hangers in interim 2011, and *** hangers in interim 2012. CR/PR at Table C-1.

industry's market share remained low, never exceeding *** percent over the period of investigation.^{105 106}
107 108

The number of production and related workers ("PRWs") declined from *** in 2009 to *** in 2011. PRWs were *** in interim 2011 and *** in interim 2012.¹⁰⁹ Hours worked increased from *** in 2009 to *** in 2011 and were *** in interim 2011 and *** in interim 2012.¹¹⁰ Hourly wages increased from \$*** in 2009 to \$*** in 2011 and were \$*** in interim 2011 and \$*** in interim 2012. Wages paid increased from \$*** in 2009 to \$*** in 2011 and were \$*** in interim 2011 and \$*** in interim 2012.¹¹¹

The industry's ratio of cost of goods sold to net sales improved slightly during the period but remained at high levels. It was *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in interim 2011, and *** percent in interim 2012.¹¹² Despite increased production, increased shipments, and industry efforts to increase efficiencies,¹¹³ the significant adverse effects of the subject imports restrained the increases in the revenues that the domestic industry received in relationship to its costs, and consequently the industry displayed consistently unprofitable financial performance. The industry's operating loss was *** in 2009, *** in 2010, *** in 2011, *** in interim 2011, and *** in interim 2012. The domestic industry's operating margins were at poor, albeit improving, levels throughout the period of investigation. Its ratio of operating income to net sales was *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in interim 2011, and *** percent in interim 2012.¹¹⁴

¹⁰⁵ The industry's share of apparent U.S. consumption increased from *** percent in 2009 to *** percent in 2011 and was *** percent in interim 2011 and *** percent in interim 2012. CR/PR, Table IV-7.

¹⁰⁶ We note that imposition of the antidumping duty order on SWG hangers from China in 2008 resulted in a significant decline in those products' share of the U.S. market. Despite this, the domestic industry saw only a small gain in market share over the period of investigation.

¹⁰⁷ Commissioner Broadbent further notes that withdrawal of most of the Chinese SWG hangers from the U.S. market left substantial space for all other suppliers to expand their market shares. Expansion of low priced imports from Taiwan and Vietnam restricted the extent to which the domestic industry was able to improve its market share significantly after imposition of the order on the merchandise from China.

¹⁰⁸ Commissioner Pearson notes that he is mindful that the statute does not permit him, in making his determination concerning material injury to an industry in the United States, to consider the potential effectiveness of an antidumping duty order. Nevertheless, he notes that the likely result of imposition of an order in this investigation will be similar to that which followed the imposition in 2008 of the antidumping duty order on imports from China; *i.e.*, the relocation of production to third countries that are not subject to antidumping duty restrictions. In any event, because of the ease with which SWG hanger production can be moved from location to location, it is unlikely that the U.S. industry will experience lasting benefit from the issuance of an antidumping duty order against imports from Taiwan.

¹⁰⁹ CR/PR at Table III-9.

¹¹⁰ *Id.*

¹¹¹ *Id.* Unit labor costs (per 1,000 hangers) declined from \$*** in 2009 to \$*** in 2011 and were \$*** in interim 2011 and \$*** in interim 2012. The domestic industry's productivity increased from *** hangers per hour in 2009 to *** hangers per hour in 2011 and was *** hangers per hour in interim 2011 and *** hangers per hour in interim 2012. *Id.*

¹¹² CR/PR at Table C-1.

¹¹³ M&B Metal Products, which accounts for *** of reported U.S. production of SWG hangers, reports that it has made substantial investments in new equipment in its Alabama plant and has engaged a manufacturing consultant to increase efficiencies in its manufacturing operations. Hearing Transcript at 14-15; *see also* M&B Metals Products's response to U.S. Producers' Questionnaire at Section II.

¹¹⁴ CR/PR at Tables VI-1, C-1. The domestic industry's capital expenditures were \$*** in 2009, \$*** in 2010, and \$*** in 2011, and were \$*** in interim 2011 and \$*** in interim 2012. CR/PR at Table VI-4. The domestic industry's research and development expenses were \$*** in 2009, \$*** in 2010, and \$*** in 2011, and

Accordingly, although some of the industry's performance indicators improved during the period of investigation, the domestic industry's capacity utilization levels were low, its financial performance was poor, and several domestic producers stopped manufacturing SWG hangers. As discussed above, we have found that the volume of cumulated subject imports was significant and increased significantly both absolutely and relative to apparent U.S. consumption and domestic production and that the cumulated subject imports undersold the domestic like product at significant margins. Given the high level of substitutability between the products regardless of source, a price-competitive market, and that subject imports significantly depressed prices of the domestic like product, we find that the increased subject imports from Taiwan and Vietnam led to low levels of capacity utilization, reduced employment, and operating losses for the domestic industry throughout the period.

We have also considered the role of nonsubject imports in the U.S. market. The volume of nonsubject imports declined from 46.3 million hangers in 2009 to 43.5 million hangers in 2011 and was 16.0 million hangers in interim 2011 and 27.5 million hangers in interim 2012.¹¹⁵ A large portion of those imports was from China, and those imports are subject to an antidumping duty order. Moreover, *** of the imports from Mexico, ***.¹¹⁶ Additionally, imports from China and Mexico were generally sold at higher prices than subject imports from Taiwan and Vietnam.¹¹⁷ Thus, we do not find that nonsubject imports explain the current condition of the domestic industry.¹¹⁸

CONCLUSION

For the above-stated reasons, we find that an industry in the United States is materially injured by reason of imports of SWG hangers from Taiwan that are being sold at less than fair value.

were \$*** in interim 2011 and \$*** in interim 2012. *Id.* The industry's return on investment was *** percent in 2009, *** percent in 2010, and *** percent in 2011. CR/PR at Table VI-5.

¹¹⁵ CR/PR at Table IV-6.

¹¹⁶ CR at VII-14, PR at VII-7.

¹¹⁷ CR/PR at Appendix D-3.

¹¹⁸ Based on the record evidence in this investigation, Commissioner Pinkert finds that price competitive, nonsubject imports were a significant factor in the U.S. market for SWG hangers during the period of investigation. CR/PR at Table C-1. He also finds, however, that, regardless of whether SWG hangers constitute a commodity product, nonsubject imports would not have replaced subject imports during the period of investigation without benefit to the domestic industry if the subject imports had exited the U.S. market. By far the largest sources of nonsubject imports during the period were China and Mexico. CR at IV-3, VII-10-11; PR at IV-3, VII-4-5. Imports from China during the period were constrained by the U.S. antidumping order imposed on such imports in October 2008, and both the volume and market share of imports from China declined during the period. CR/PR at Table C-1. In addition, the fact that *** percent of total U.S. imports of SWG hangers from Mexico in 2011 were accounted for by an affiliate of M&B Hangers, a petitioner in this investigation, makes it unlikely that imports from Mexico would have risen significantly to replace subject imports. CR/PR at VII-14. Finally, imports from China and Mexico were generally sold at higher prices than subject imports from Taiwan and Vietnam. CR/PR at Appendix D-3. Thus, even if nonsubject imports replaced subject imports, the record indicates that antidumping relief would nevertheless have benefitted the domestic industry through higher prices.

PART I: INTRODUCTION

BACKGROUND

These investigations result 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; Innovative Fabrication LLC/Indy Hanger (“Indy Hanger”), Indianapolis, IN; and US Hanger Company LLC (“US Hanger”), Gardena, CA, on December 29, 2011, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized imports of steel wire garment hangers (“SWG hangers”)¹ from Vietnam and less-than-fair-value (“LTFV”) imports of SWG hangers from Vietnam and Taiwan. Information relating to the background of the investigations is provided in the tabulation on the next page.²

Effective date	Action
December 29, 2011	Petition filed with Commerce and the Commission; institution of the Commission's investigation (77 FR 806, January 6, 2012)
January 25, 2012	Commerce's notice of AD initiation (77 FR 3731)
January 25, 2012	Commerce's notice of CVD initiation (77 FR 3737)
February 17, 2012	Commission's preliminary AD determination on Taiwan and Vietnam (77 FR 9701)
June 4, 2012	Commerce's preliminary CVD determination on Vietnam (77 FR 32930);
August 2, 2012	Commerce's preliminary AD determination on Taiwan (77 FR 46055); Commerce's preliminary AD determination on Vietnam (77 FR 46044); scheduling of final phase of Commission investigation, corrected (77 FR 50713, August 22, 2012)
October 15, 2012	Commerce's final AD determination on Taiwan (77 FR 62492)
October 24, 2012	Commission's hearing ¹
November 15, 2012	Date for the Commission's vote (Taiwan)
November 29, 2012	Commission's determination to Commerce (Taiwan)
December 10, 2012	Scheduled date for Commerce's final determination (Vietnam)
January 16, 2013	Scheduled date for the Commission's vote (Vietnam)
January 28, 2013	Commission's determination due to Commerce (Vietnam)

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

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

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

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 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, subsidy/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 of subject imports and pricing of domestic and imported products, 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 as well as information regarding nonsubject countries.

U.S. MARKET SUMMARY

SWG hangers are used by dry cleaning establishments, industrial laundries, and textile industries to drape and transport clothing and other textiles. The leading U.S. producers of SWG hangers are M&B, Eagle Hanger (which did not respond to the Commission), US Hanger, and Indy Hanger, while leading producers of SWG hangers outside the United States include South East Asia Hamico and T.J. Company of Vietnam. No company in Taiwan reported producing any SWG hangers, but according to proprietary Customs data, the leading exporters of SWG hangers are ***. The leading U.S. importers of SWG hangers from Taiwan, according to questionnaire responses, include ***, while the leading importers of SWG hangers from Vietnam include ***. Leading importers of SWG hangers from nonsubject countries (primarily China and Mexico) include ***. U.S. purchasers of SWG hangers are predominantly dry cleaners, 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 *** hangers (***) in 2011. Currently, six firms are known to produce SWG hangers in the United States, but three firms did not submit questionnaires to the Commission. Not including the three non-responding firms, U.S. producers' U.S. shipments of SWG hangers totaled *** hangers (\$***) in 2011, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from subject sources totaled 967.2 million hangers (\$38.7 million) in 2011 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled 1.1 billion hangers (\$43.5 million) in 2011 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.³

³ On October 28, 2011, Commerce made an affirmative final determination in a circumvention investigation on the antidumping duty order on SWG hangers from China (76 FR 66895). During the conference, respondents asserted that many of the imports from Taiwan and Vietnam in fact originated from China and were circumventing the order on imports from China or otherwise were transhipped from China. Conference transcript, pp. 11-13 (Neely). When responding to Commissioner Pinkert's question on whether Taiwanese imports were actually imports from Taiwan but represented transshipments, petitioners responded that "in terms of whether this was transshipment or not, we don't know...we must rely on that the way the Commission did in the preliminary phase and rely on the official import statistics and data collected by U.S. Customs and Border Protection." Hearing transcript, pp. 60-61 (Waite).

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on the questionnaire responses of three firms that accounted for the majority of U.S. production of SWG hangers during 2011. U.S. imports are based on official statistics from the Department of Commerce ("Commerce") except where noted.

PREVIOUS AND RELATED INVESTIGATIONS

On November 27, 2002, CHC Industries, Inc.; M&B Metal Products Company, Inc.; and United Wire Hanger Corporation, 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 January 27, 2003, the Commission voted unanimously to determine that Chinese imports were causing market disruption.⁴ 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.⁵ 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."⁶ On July 31, 2007, M&B filed an antidumping duty petition against imports of SWG hangers from China. Following an affirmative determination by Commerce, on September 11, 2008, the Commission determined that the U.S. SWG hanger industry was materially injured by reason of imports of SWG hangers from China.⁷ Commerce issued an antidumping duty order on Chinese imports of SWG hangers in October 2008, with margins ranging from 15.83 percent to 187.25 percent.⁸ The final results of the first administrative review were published on May 13, 2011, with margins of 0.15 percent for one company, 1.71 percent for 16 companies, and 187.25 percent for the China-wide rate.⁹ On October 28, 2011, the amended final results of the second administrative review were published, with a margin of 0.81 percent for one company, and 187.25 percent for the China-wide rate.¹⁰

⁴ *Certain Steel Wire Garment Hangers from China, Inv. No. TA-421-2*, USITC Publication 3575 (February 2003), pp. 1-3 and I-2.

⁵ *Ibid.*, p.1. Proposed 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.

⁶ *Presidential Determination on Wire Hanger Imports from the People's Republic of China*, 68 FR 23019, April 29, 2003.

⁷ *Steel Wire Garment Hangers from China, Inv. No. 731-TA-1123 (Final)*, USITC Publication 4034, September 2008, p. 3.

⁸ *Notice of Antidumping Duty Order: Steel Wire Garment Hangers from the People's Republic of China*, 73 FR 58111, October 6, 2008.

⁹ *First Administrative Review of Steel Wire Garment Hangers From the People's Republic of China: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review*, 76 FR 27994, May 13, 2011.

¹⁰ *Steel Wire Garment Hangers From the People's Republic of China: Amended Final Results of the Second Antidumping Duty Administrative Review*, 77 FR 19191, March 30, 2012.

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On June 4, 2012, Commerce published a notice in the *Federal Register* of its preliminary determination of countervailable subsidies for producers and exporters of SWG hangers from Vietnam.¹¹ Table I-1 presents Commerce's findings of subsidization of SWG hangers in Vietnam.

Table I-1
SWG hangers: Commerce's preliminary subsidy determination with respect to imports from Vietnam

Entity	Preliminary countervailable subsidy margin (percent)
South East Asia Hamico Export Joint Stock Company (SEA Hamico), Nam A Hamico Export Joint Stock Company (Nam A), and Linh Sa Hamico Company Limited (Linh Sa) (collectively, the Hamico Companies)	21.25
Infinite Industrial Hanger Limited (Infinite) and Supreme Hanger Company Limited (Supreme) (collectively the Infinite Companies)	11.03
All others	16.14
Source: 77 FR 32930, June 4, 2012.	

Sales at LTFV

On October 15, 2012, Commerce published a notice in the *Federal Register* of its final determination of sales at LTFV with respect to imports from Taiwan.¹² Table I-2 presents Commerce's final dumping margins with respect to imports of SWG hangers from Taiwan and Vietnam.

Table I-2
SWG hangers: Commerce's final weighted-average LTFV margins with respect to imports from Taiwan

Exporter/Producer	Preliminary dumping margin (percent)
Golden Canyon Ltd.	69.98
Taiwan Hanger Manufacturing Co., Ltd.	125.43
All others	69.98
Source: 77 FR 62492, October 15, 2012.	

¹¹ *Certain Steel Wire Garment Hangers From the Socialist Republic of Vietnam: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination*, 77 FR 32930, June 4, 2012.

¹² *Steel Wire Garment Hangers From Taiwan: Preliminary Determination of Sales at Less Than Fair Value*, 77 FR 46055, August 2, 2012.

On August 2, 2012, Commerce published a notice in the *Federal Register* of its preliminary determination of sales at LTFV with respect to imports from Vietnam.¹³ Table I-3 presents Commerce's dumping margins with respect to imports of SWG hangers from Taiwan and Vietnam.

Table I-3

SWG hangers: Commerce's preliminary weighted-average LTFV margins with respect to imports from Vietnam

Exporter/Producer	Preliminary dumping margin (percent)
TJ Group	135.81
CTN Limited Company	135.81
Ju Fu Co., Ltd.	135.81
Triloan Hangers, Inc.	135.81
All others	187.51
Source: 77 FR 46044, August 2, 2012.	

THE SUBJECT MERCHANDISE

Commerce's Scope

Commerce has defined the scope of this investigation as follows:

The merchandise subject to these investigations 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 these investigations are (a) wooden, plastic, and other garment hangers that are not made of steel wire; (b) steel wire garment hangers with swivel hooks; (c) steel wire garment hangers with clips permanently affixed; and (d) chrome plated steel wire garment hangers with a diameter of 3.4 mm or greater.¹⁴

¹³ *Steel Wire Garment Hangers From the Socialist Republic of Vietnam: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 77 FR 46044, August 2, 2012.

¹⁴ *Steel Wire Garment Hangers From the Socialist Republic of Vietnam and Taiwan: Initiation of Antidumping Duty Investigations*, 77 FR 3731, January 25, 2012.

Tariff Treatment

The products subject to this petition are currently classified in subheading 7326.20.00 of the HTSUS and reported under statistical reporting number 7326.20.0020. The general rate of duty for subheading 7326.20.00 is 3.9 percent ad valorem (table I-4). The statistical reporting number under subheading 7326.20.00 was created specifically for steel wire garment hangers at the request of the U.S. industry and has been in place since January 1, 2002. Statistical reporting number 7323.99.9080 also is referenced in Commerce's scope language.¹⁵ During the antidumping duty investigation of SWG hangers from China it was discovered that some subject hangers were being imported under HTS statistical reporting number 7323.99.9060.¹⁶ HTS subheading 7323.99.90 has a general rate of duty of 3.4 percent ad valorem.

Table I-4
SWG hangers: Tariff treatment, 2012

HTS provision	Article description	General	Special ¹	Column 2
		Rates (percent ad valorem)		
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 80	Other: Other	3.4%	Free (A, AU, BH, CA, CL,E, IL, J, JO, MA, MX, OM, P, PE, SG)	40%
7326	Other articles of iron or steel:			
7326.20.00 20	Articles of iron or steel wire Garment hangers	3.9%	Free (A, AU,B, BH, C, CA,CL, E, IL, J,JO, MA, MX, OM, P, PE, SG)	45%
¹ General note 3(c)(i) to the HTS lists the programs related to the enumerated special duty rate symbols. No special duty rate applies to products of Taiwan or Vietnam.				
Source: Harmonized Tariff Schedule of the United States (2012).				

¹⁵ *Steel Wire Garment Hangers From the Socialist Republic of Vietnam and Taiwan: Initiation of Antidumping Duty Investigations*, 77 FR 3731, January 25, 2012.

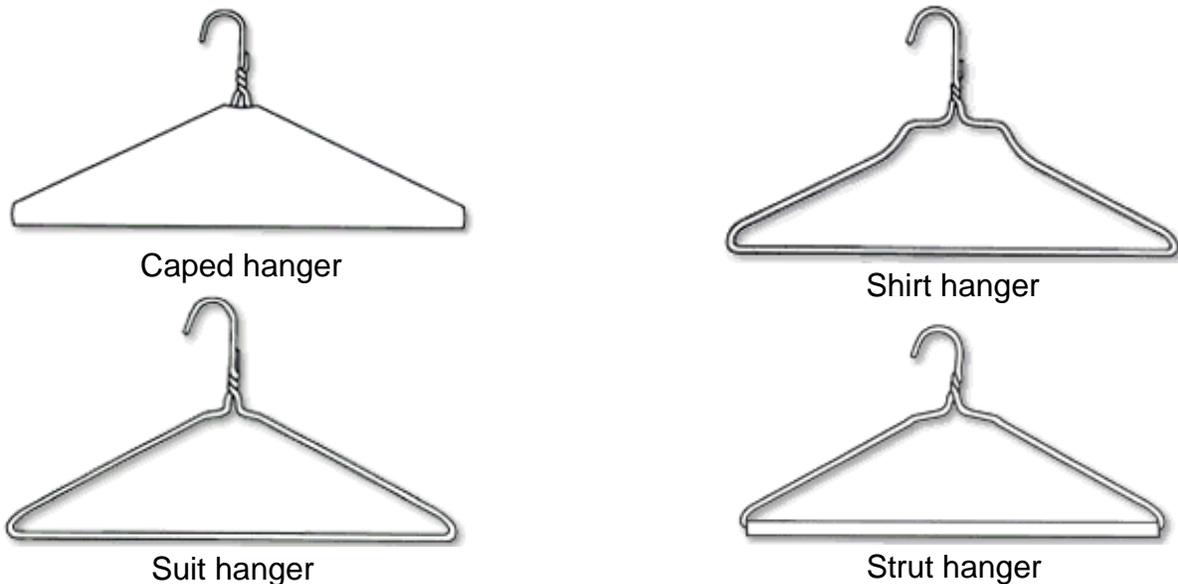
¹⁶ Petition, p. I-11.

THE 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 types 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,” may be coated with a nonslip material to prevent the garment from falling off of the hanger. Hangers for light items, such as the basic shirt hanger, are produced using the thinnest wire,¹⁸ while hangers for heavier items are produced from heavier wire. SWG hangers are generally painted and sold in a variety of colors. Despite differences in finishes and paper accessories, however, all of these hangers share common configurations, characteristics, and end use.¹⁹

Figure I-1
SWG hangers: Common varieties



Source: M&B website at <http://www.mbhangars.com/>, retrieved January 19, 2012.

¹⁷ Conference transcript, p. 23 (Magnus).

¹⁸ Respondents' postconference brief, exh. 2 (Peirera). "Most shirt hangers are 14.5g (.068 inches) their (Great Plains') hangers were 13g (.90 inches) which is 25% thicker than it needed to be."

¹⁹ Petition, p. I-8 and I-9.

Steel wire hangers produced for use in industrial laundries or in 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 wire²⁰ 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.²¹ These hangers are sometimes made out of galvanized (zinc-coated) steel wire. The bottom bar of these hangers may be coated with a latex or other coating to prevent pants slippage after laundering.²²

Manufacturing Processes

The manufacturing process to produce industrial and drycleaning SWG hangers consists of purchasing low-carbon steel wire in coils, whether or not galvanized, or drawing wire from low-carbon steel wire rod, cutting the wire to length, and fabricating the hangers (figure I-2). After the wire is straightened and cut to length, the steel wire hangers are formed and the non-galvanized low-carbon steel wire hangers are 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. The manufacturing equipment and process for galvanized wire hangers are similar, but galvanized SWG hangers do not require painting because the zinc coating prevents the steel wire from rusting.²³ 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. Wire forming machines may be made in-house by SWG hanger manufacturers or purchased from a small number of companies in China, Switzerland, and Taiwan that produce these machines.²⁴

²⁰ The term “gauge” refers to the diameter of the wire. A 13-gauge wire has a diameter of 0.0915 inch.

²¹ Petition, p. I-9.

²² Conference transcript, p. 24 (Magnus).

²³ Conference transcript, p. 90 (Crowder).

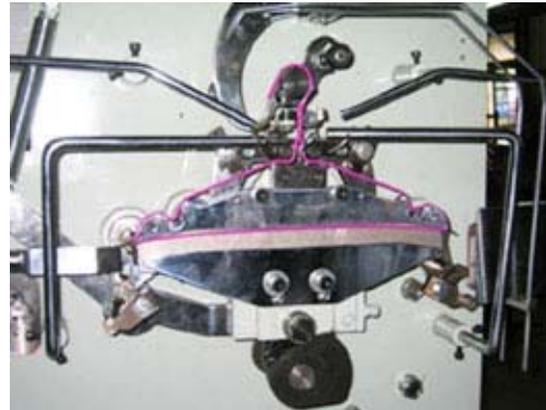
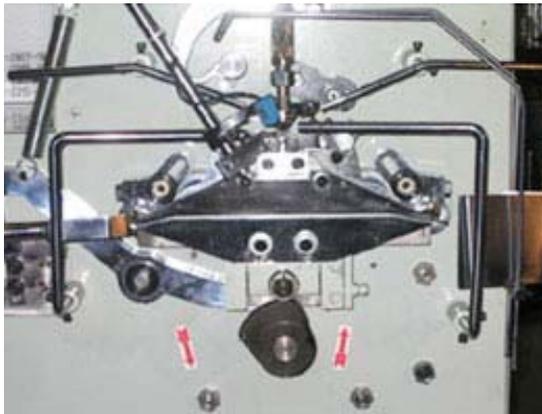
²⁴ Conference transcript, p. 65 (Crowder) and p. 120 (Pereira).

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 Co., Ltd., found at www.china-anbermachine.com/hanger-making-machine/Automatic-Wire-Hanger-making-machine.htm, retrieved January 19, 2011.

After forming, dry cleaning hangers may require the addition of a paper covering or “cape,” which may be plain or printed with custom or stock messages for drycleaner customers. Strut hangers receive a cardboard tube or “strut” along the bottom bar on which drycleaners hang pants. Hangers intended for the industrial laundry market may be dipped in liquid latex or receive another type of coating on the bottom rung to prevent pants slippage.²⁵ These hangers are produced using the same equipment and workers as the other types of hangers described above.

The formation of the hanger itself is reportedly similar throughout the world.²⁶ Operations such as the addition of capes and struts and the painting of the wire may differ in the amount of the processing

²⁵ Conference transcript, p. 33 (Smith).

²⁶ Conference transcript, p. 21 (Magnus).

that is done by machine versus that which is performed manually.²⁷ Respondents also identified that one difference is that the environmental regulations in Vietnam preclude painting of SWG hangers there; therefore they are powder coated to provide corrosion resistance, apparently with thermosetting epoxy powder.²⁸ Epoxy powder is typically applied by electrically charging and spraying the powder so that it accumulates on a grounded metal article, after which the article is sent to a curing oven to fuse on the coating.²⁹ Most hangers are packed in boxes containing 500 hangers to be palletized and shipped. However, thicker hangers (struts, drapery, and polo knit hangers) are packed 250 in a box.³⁰ All of the common types of SWG hangers (shirt, suit, strut, and caped) are produced in Taiwan and Vietnam.³¹

DOMESTIC LIKE PRODUCT ISSUES

The petitioners contend that the domestic like product is all steel wire garment hangers corresponding to the scope,³² and no party has argued for a separate like product.³³

²⁷ Conference transcript, p. 124 (Trinh).

²⁸ Conference transcript, p. 118 and pp.124-125 (Lim); email from ***, January 20, 2012.

²⁹ Website of the Engineer's Handbook, found at www.engineershandbook.com/MfgMethods/powdercoating.htm, retrieved January 24, 2012.

³⁰ Conference transcript, p. 66 (Magnus); *Steel Wire Garment Hangers from China, Inv. No. 731-TA-1123 (Final)*, USITC Publication 4034, September 2008, p. 39.

³¹ Petition, p. I-11. See also discussion of U.S. imports, by type of hanger, in Part IV of this report.

³² Petition, p. I-14 and Petitioner's prehearing brief, p. 4.

³³ Conference transcript, p. 114 (Neely).

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

U.S. MARKET CHARACTERISTICS

Steel wire garment hangers (“SWG hangers”) are used by companies which provide laundry-related services, such as dry cleaning, industrial laundry, and uniform rentals. SWG hangers may be sold by manufacturers directly to end users, as is common with industrial laundries and uniform rentals, or sold to distributors, which is common for products destined for the dry cleaning industry.¹ Reportedly, U.S. dry cleaners and industrial laundries are, by far, the largest consumers of SWG hangers in the world.²

CHANNELS OF DISTRIBUTION

Breakouts of shipments between distributors and end users for the United States, Taiwan, Vietnam, and nonsubject sources are presented in table II-1. The majority of U.S. producer shipments were to distributors during 2009 but the share going to end users increased to *** percent of the total in 2011. During January-June 2012, U.S. shipments to end users accounted for *** percent of the total as compared to *** percent in January-June 2011. For Taiwan, most shipments went to end users in 2009 and 2010 and most went to distributors in 2011. For Vietnam, the majority of shipments went to distributors throughout the period.

Table II-1

SWG Hangers: U.S. producers’ and importers’ U.S. shipments of SWG hangers, by sources and channels of distribution, 2009–11, and January-June and 2011 and January-June 2012

* * * * *

GEOGRAPHIC DISTRIBUTION

U.S.-produced SWG hangers and imports from Vietnam are sold throughout the United States including Alaska, Hawaii, Puerto Rico, and the U.S. Virgin Islands, and imports from Taiwan are sold throughout the continental United States. Among the three responding U.S. producers, one sells in all areas of the United States, one sells in all areas except the Southeast, and one sells throughout the continental United States. Among importers of product from Vietnam, four sell in all or most areas of the United States, and seven sell in one or more regions of the United States including the Northeast, the Midwest, the Southeast, and the Central Southwest. Of the four importers of product from Taiwan, one sells throughout the United States, and the other three sell in one or more regions including the Northeast, the Southeast, and the Central Southwest.

¹ Petition, p. I-8; Conference transcript, pp. 25-26, 76 (Pedelty), p. 75 (Magnus), and p. 127 (Goldman).

² Conference transcript, p. 21 (Magnus).

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, U.S. producers have the ability to respond to changes in demand with large changes in the quantity of shipments of SWG hangers to the U.S. market. The main contributing factor to this degree of responsiveness of supply is ***.

Industry capacity

The U.S. SWG hangers industry's annual capacity increased from *** million hangers in 2009 to *** billion in 2011. The industry capacity utilization rate increased from *** percent in 2009 to *** percent in 2011. During January-June 2012, capacity utilization was *** percent, the *** January-June 2011.

Alternative markets

Exports consistently accounted for a *** percentage of the industry's total shipments *** throughout the period.

Inventory levels

The ratio of end-of-period inventories to U.S. shipments was *** percent in 2009, *** percent in 2010, and *** percent in 2011. During January-June 2012 the ratio was *** percent as compared to *** percent in January-June 2011.

Production alternatives

All responding U.S. producers stated that they could not switch production from SWG hangers to other products using the same equipment or machinery used to produce SWG hangers.

Supply constraints

***.³

Foreign Supply

Subject Imports From Taiwan

In these final investigations, staff issued questionnaires to 23 companies identified as potential producers or exporters of SWG hangers in Taiwan. None of the companies responded to the Commission's questionnaires (see discussion in Part VII).

³ Three importers of product from Vietnam and two importers from both Taiwan and Vietnam reported that they have had difficulties in supplying products to meet customer demands during this period.

Subject Imports From Vietnam

Based on information from the combined responses of two Vietnamese producers, N-Tec and Triloan⁴ hangers, it is likely that changes in demand would result in small to moderate changes in the quantity of shipments of SWG hangers to the U.S. market. The main contributing factors to the low to moderate degree of responsiveness of supply are ***.

Industry capacity

The combined capacity of the two responding producers N-Tec and Triloan increased from about *** million hangers in 2009 to about *** million hangers in 2011. During January-June 2012, capacity was *** million hangers as compared to *** million in January-June 2011. The combined annual capacity utilization rates during 2009-11 ranged from a low of *** percent in 2010 to a high of *** percent in 2009. During January-June 2012 capacity utilization was *** percent as compared to *** percent in January-June 2011. The companies did not provide projections of capacity or production for 2012 and 2013.

Alternative markets

All reported exports by the responding firms went to the United States during the period where data were collected.

Inventory levels

The ratio of end-of-period inventories to total shipments ranged from a low of *** percent in 2010 to a high of *** percent in 2011. During interim 2012, the ratio was *** percent as compared to *** percent in interim 2011.

Production alternatives

***.

U.S. Demand

Demand Characteristics

SWG hangers are sold to distributors or to end users in the dry cleaning, uniform rental, industrial laundries, and textile industries. U.S. demand for SWG hangers depends on the demand from these industries.

Apparent Consumption

The quantity of apparent consumption of SWG hangers decreased from *** billion in 2009 to *** billion in 2010 and then recovered to *** billion in 2011. During January-June 2012, apparent consumption was *** billion hangers as compared with *** billion in January-June 2011.

⁴ The reported exports to the United States by these two companies represented *** percent of U.S. imports from Vietnam during 2011 as represented by official import statistics.

Demand Perceptions

When asked how the demand in the United States for SWG hangers has changed in the United States since January 1, 2009, opinions varied. Among the three U.S. producers, one reported an increase, one reported no change, and one reported a decrease. Among 13 responding importers, 1 reported that demand had increased, 2 reported no change, 6 reported that it had fluctuated, and 4 reported that it had decreased. Among 28 responding purchasers, 4 reported an increase in demand, 10 reported no change in demand, 2 reported that it had fluctuated, and 12 reported a decrease in demand. Firms reporting fluctuations or decreases in demand frequently cited a weak economy and a decrease in garment cleaning. Four purchasers reported that the number of dry cleaners has declined.

When firms were asked whether the SWG hangers market is subject to business cycles or conditions of competition (including seasonal business) distinctive to SWG hangers, and also whether there have been any changes since January 1, 2009, responses were mixed. The three U.S. producers all answered “no.” Among 13 responding importers, 6 answered “yes” and 7 answered “no.” Among 30 responding purchasers, 8 answered “yes” and 22 answered “no.” Several questionnaire respondents answering “yes” reported that the demand for this product is seasonal, with business declining during summer months. Most did not report any change in this pattern since January 1, 2009.

Substitute Products

None of the U.S. producers and importers and most of the purchasers reported that there are no substitutes for SWG hangers. Three purchasers did report that plastic hangers are a substitute.

Cost Share

Most questionnaire respondents did not estimate the cost share of SWG hangers as an input in the total cost of end use products. One importer of product from Vietnam estimated that they account for 2.0 percent of the cost of dry cleaning and 5.0 percent of the cost of uniforms cleaning services.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported SWG hangers depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms).

Lead Times

U.S.-produced and imported SWG hangers from the subject countries are commonly sold either from inventories or produced to order. Among U.S. producers, ***. Among 10 responding importers, responses were divided with two reporting that all of their sales were from inventory and four reporting that all are produced to order and three reporting a mixture of items produced to order and sold from inventory.

Among U.S. producers, delivery lead times for products in inventory ranged from 1 to 7 days and products produced to order ranged from 3 to 28 days. Importers of product from the subject countries reported delivery lead times of 1 to 7 days for products held in inventory and from 40 to 90 days for products produced to order or ordered from their foreign manufacturer’s inventories.

Purchasers

Thirty-two purchasers including 10 end users and 22 distributors submitted questionnaire responses. Most of these purchasers purchased product from more than one source during the period January 2009 through June 2012. Of the 32 purchasers, 20 purchased U.S.-produced SWG hangers during the period and 22 purchased imports from Vietnam during this period, but just 3 reported purchases of imports from Taiwan. Purchases of imports from nonsubject countries were also common, with 17 reporting purchases of imports from China and 8 reporting purchases of imports from Mexico. Other nonsubject sources mentioned included Canada, Indonesia, Korea, Pakistan, and Thailand. During 2011, combined purchases by these responding purchasers were equal to \$50.1 million.

Factors Affecting Purchasing Decisions

Table II-2 summarizes the questionnaire responses by 32 purchasers concerning the top three factors that they consider when purchasing SWG hangers. As indicated in the table, quality, price, and availability, tend to be the most important considerations.

Table II-2
SWG hangers: Ranking of factors used in purchasing decisions as reported by U.S. purchasers

Factor	Number of firms reporting		
	Number one factor	Number two factor	Number three factor
Availability	1	6	8
Price	14	6	9
Quality	14	10	4
Other ¹	3	9	9
¹ Other factors cited included delivery, freight costs, lead time, reliability, service, and product consistency.			
Source: Compiled from data submitted in response to Commission questionnaires.			

Purchasers were also asked how often their firm purchases SWG hangers at the lowest possible price. Of the 32 responding purchasers, 7 answered “always,” 8 answered “usually,” 14 answered “sometimes,” and 3 answered “never.”

Purchasers were asked to indicate whether the 15 factors listed in table II-3 were “very important,” “somewhat important,” or “not important” in their purchasing decisions. The factors most frequently ranked “very important” were availability, quality meeting industry standards, and reliability of supply (27 purchasers each) along with price (26 purchasers). Other important factors are product consistency (23 purchasers) and delivery time (22 purchasers).

Table II-3
SWG hangers: Importance of purchasing factors, as reported by U.S. purchasers

Factor	Number of firms reporting		
	Very important	Somewhat important	Not important
Availability	27	4	0
Delivery terms	16	12	3
Delivery time	22	8	1
Discounts offered	11	15	5
Extension of credit	11	5	14
Price	26	5	0
Minimum quantity requirements	4	9	17
Packaging	9	12	10
Product consistency	23	7	1
Quality meets industry standards	27	3	1
Quality exceeds industry standards	10	12	8
Product range	8	17	6
Reliability of supply	27	4	0
Technical support/service	6	16	9
U.S. transportation costs	12	13	6

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

Comparisons of Domestic Products and Subject and Nonsubject Imports

Questionnaire respondents were asked whether U.S.-produced and imported SWG hangers from Taiwan and Vietnam, can “always,” “frequently,” “sometimes,” or “never” be used interchangeably. U.S. producers and a majority of responding importers and purchasers reported that they are “always” interchangeable (table II-4). One importer reported that some kinds of SWG hangers that are used in the United States could not be manufactured in Vietnam due to a lack of technology, machines, and skilled workers. One purchaser reported that imports from China are of better quality than imports from Vietnam.

Table II-4
SWG hangers: Perceived interchangeability between SWG hangers produced in the United States and in other countries, by country pairs

Country pair	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. Taiwan	3	0	0	0	5	1	0	0	12	3	0	0
U.S. vs. Vietnam	3	0	0	0	5	2	2	0	18	5	2	0
U.S. vs. China	3	0	0	0	4	1	0	0	17	5	0	0
U.S. vs. Mexico	3	0	0	0	1	1	0	0	12	3	1	0
U.S. vs. other countries	3	0	0	0	1	1	0	0	7	1	0	0
Taiwan vs. Vietnam	3	0	0	0	3	1	1	0	11	3	0	0
Taiwan vs. China	3	0	0	0	4	1	0	0	11	2	0	0
Taiwan vs. Mexico	3	0	0	0	1	1	0	0	8	2	0	0
Taiwan vs. other countries	3	0	0	0	1	1	0	0	7	1	0	0
Vietnam vs. China	3	0	0	0	0	0	0	0	18	4	0	0
Vietnam vs. Mexico	3	0	0	0	1	1	0	0	12	3	1	0
Vietnam vs. other countries	3	0	0	0	1	1	0	0	7	1	0	0
China vs. Mexico	3	0	0	0	1	1	0	0	12	3	1	0
China vs. other countries	3	0	0	0	1	1	0	0	7	1	0	0
Mexico vs. other countries	3	0	0	0	1	1	0	0	7	1	0	0

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

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

Firms were also asked how often differences in factors other than price between the U.S.-produced products and imports from Taiwan and Vietnam were a significant factor in their sales of SWG hangers (table II-5). U.S. producers reported that ***, while responses by importers and purchasers were varied for both countries. One importer reported that all wire hangers from Vietnam have a power coating that causes them to last longer than such products from other sources. One purchaser reported that the quality of U.S.-produced SWG hangers is superior to imports from Vietnam. This purchaser also stated that the quality and packaging of the SWG hangers from China is superior to the quality and packaging of the SWG hangers from Vietnam. Another purchaser reported that the United States is superior to both China and Vietnam in delivery times, transportation network, payment terms, and availability.

Table II-5

SWG hangers: Perceived importance of factors other than price between product produced in the United States and in other countries, by country pairs

Country pair	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. Taiwan	0	0	0	3	3	0	0	1	5	2	3	2
U.S. vs. Vietnam	0	0	0	3	3	3	1	2	5	6	8	3
U.S. vs. China	0	0	0	3	4	0	0	1	8	5	5	3
U.S. vs. Mexico	0	0	0	3	1	0	0	0	6	4	2	3
U.S. vs. other countries	0	0	0	3	1	0	0	0	1	2	1	3
Taiwan vs. Vietnam	0	0	0	3	1	0	0	0	2	3	3	3
Taiwan vs. China	0	0	0	3	3	0	1	0	2	3	3	3
Taiwan vs. Mexico	0	0	0	3	1	0	0	0	2	3	1	2
Taiwan vs. other countries	0	0	0	3	1	0	0	0	1	2	1	2
Vietnam vs. China	0	0	0	3	3	0	0	2	5	4	6	4
Vietnam vs. Mexico	0	0	0	3	0	0	0	1	2	4	4	3
Vietnam vs. other countries	0	0	0	3	0	0	0	1	1	2	1	2
China vs. Mexico	0	0	0	3	0	0	0	1	2	4	5	3
China vs. other countries	0	0	0	3	0	0	0	1	1	2	1	2
Mexico vs. other countries	0	0	0	3	0	0	0	1	1	2	1	2

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

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

Purchasers were also asked to compare U.S.-produced SWG hangers from Taiwan and Vietnam with respect to the 15 characteristics listed in table II-6, noting whether the domestic product was superior, comparable, or inferior to the imported product. In the case of Taiwan, a majority or a plurality of purchasers ranked the products comparable in most categories. Six of 13 responding purchasers reported that the U.S. product was superior in availability and in delivery time. For Vietnam, the United States was ranked superior by a majority of purchasers in delivery time. In all other categories, a majority or plurality ranked the products comparable. Nine of 24 purchasers ranked the United States superior in availability, and 9 of 23 purchasers ranked the Vietnam product superior in price.

Table II-6**SWG hangers: Purchasers comparisons of domestic and subject imported products**

Factor	Number of firms reporting					
	U.S. vs. Taiwan			U.S. vs. Vietnam		
	S	C	I	S	C	I
Availability	6	6	1	9	11	4
Delivery terms	4	8	1	5	17	3
Delivery time	6	6	1	13	9	2
Discounts offered	1	9	3	2	16	6
Extension of credit	1	12	0	3	20	0
Price	2	7	4	1	13	9
Minimum quantity requirements	3	8	2	7	14	2
Packaging	2	10	2	3	13	2
Product consistency	3	9	1	4	18	2
Quality meets industry standards	2	10	1	3	19	1
Quality exceeds industry standards	3	9	1	3	16	1
Product range	1	11	1	2	18	3
Reliability of supply	5	6	2	6	14	3
Technical support/service	3	8	2	5	14	3
U.S. transportation costs	3	9	1	6	14	3
Note.—S = domestic product superior, C = domestic product comparable, I = domestic product inferior.						
Source: Compiled from data submitted in response to Commission questionnaires.						

ELASTICITY ESTIMATES

This section discusses elasticity estimates; parties were encouraged to comment on these estimates in their prehearing or posthearing briefs.

U.S. Supply Elasticity

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. Analysis of these factors, particularly the existence of *** indicates that the elasticity is likely to be in a high range of 5 to 10.⁵

⁵ The petitioners generally agreed with this estimate. Hearing transcript, p. 36 (MaGrath).

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. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the SWG hangers in the production of any downstream products. Due to the lack of substitutes and the low cost of these hangers as a share of the final product, the aggregate demand for SWG hangers is probably relatively inelastic; a range of -0.2 to -0.4 is likely.⁶

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.⁷ Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (availability, sales terms/discounts/promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced SWG hangers and imported SWG hangers from the subject countries is likely to be in the range of 4 to 6.⁸

⁶ The petitioner's reported in their posthearing brief that they agree with this estimate (Petitioner's posthearing brief response to Commissioner's questions).

⁷ The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products 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.

⁸ The petitioners generally agreed with this estimate. Hearing transcript, p. 36 (MaGrath).

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 three responding firms.

U.S. PRODUCERS

The petition identified six current and three former U.S. producers of SWG hangers. In these final investigations, the Commission sent producer questionnaires to M&B; Indy Hanger; US Hanger; Metro Supply Co. ("Metro Supply");¹ Ganchos N.V. ("Ganchos");² Eagle Hangers, Inc. ("Eagle Hangers");³ Great Plains Hanger Co., LLC. ("Great Plains Hanger");⁴ Platinum Hanger LLC ("Platinum Hanger");⁵ Shanti Industries Inc. ("Shanti");⁶ Laidlaw Corp. ("Laidlaw");⁷ and United Wire Hangers Corp. ("United Wire").⁸ The Commission received questionnaire responses from three of the current U.S. producers, which accounted for an estimated *** percent in 2010 and *** percent in 2011 of SWG hanger production in the United States in 2011.⁹

Presented in table III-1 is a list of responding domestic producers of SWG hangers and each company's position on the petition, production location, related and/or affiliated firms, and share of reported production of SWG hangers in 2011.

¹ Metro Supply in California is reported to be a very small regional operation, "essentially not much larger than a large garage. They do not purchase wire rod and draw it into wire, they purchase wire and they form the hangers from purchased wire and sell their product primarily on the West Coast." Hearing transcript, p. 44 (Waite). Metro Supply is estimated to have produced *** SWG hangers in 2011, but "there have been reports that Metro may have moved its hanger-making machinery to Mexico." E-mail from ***, November 1, 2012.

² Ganchos is believed to be a very small regional producer in Puerto Rico. Hearing transcript, p. 44 (Waite). Ganchos reported that it produced *** SWG hangers in 2011. E-mail from ***, November 1, 2012.

³ Petitioners believe that Eagle Hangers, which did not provide a questionnaire response, produces SWG hangers at its plant in Pearland, TX and also sells hangers made in Vietnam. Eagle Hangers' website indicates that it offers shirt, strut, caped, and suit hangers from Vietnam. In addition, counsel for petitioners stated that "public records show a lot of litigation involved with Eagle Hangers, and from industry sources, including customers, we understand that there may be some difficulties in the ownership and management of the company." Petitioners' postconference brief, ex. 1, Petitioners' prehearing brief, p. 6, and hearing transcript, p. 45 (Waite). According to Customs data, Eagle Hangers ***.

⁴ Great Plains ceased production of SWG hangers in 2011. Petitioners' prehearing brief, p. 8.

⁵ Platinum Hanger ceased production of SWG hangers in 2009. Petitioners' prehearing brief, p. 8.

⁶ Shanti filed for bankruptcy in January 2010. Petitioners' prehearing brief, p. 9.

⁷ Laidlaw closed its Wisconsin plant in 2007.

⁸ United Wire shut down its New Jersey plant in 2007. Hearing transcript, p. 24 (Pedelty).

⁹ The three current U.S. producers that have not responded to the Commission's repeated requests for questionnaires are: Metro Supply, Eagle Hangers, and Ganchos (collectively accounting for an estimated *** percent of production in 2010). Metro Supply and Ganchos are estimated to have produced *** SWG hangers in 2010 and *** SWG hangers in 2011, or approximately *** and *** percent of U.S. production respectively in 2010 and 2011. Shanti, Great Plains, and Platinum Hanger are no longer producing SWG hangers and did not respond to the Commission's questionnaires, but were estimated to account for *** percent of production in 2010. Petition p. I-3-6 and ex. I-3, Petitioners' posthearing brief, p. 14, and revised Petitioners' ex. I-3, November 1, 2012.

Table III-1

SWG hangers: U.S. producers, positions on the petition, U.S. production locations, related and/or affiliated firms, and shares of 2011 reported U.S. production

Firm	Position on petition	U.S. production location(s)	Related and/or affiliated firms	Share of production (percent)
Indy Hanger	Petitioner	Indianapolis, IN	None	***
M&B	Petitioner	Leeds, AL	M&B Hangers de Mexico, S. de RL de CV	***
US Hanger	Petitioner	Gardena, CA	None	***
Note.—Because of rounding, shares may not total to 100.0 percent.				
Source: Compiled from data submitted in response to Commission questionnaires.				

As indicated in table III-1, no responding U.S. producers are related to foreign producers of the subject merchandise or are related to U.S. importers of the subject merchandise. In addition, as discussed in greater detail below, no responding U.S. producers directly import the subject merchandise or purchase the subject merchandise from U.S. importers. However, one U.S. producer is related to a producer of SWG hangers in Mexico and also imports SWG hangers from Mexico.

Table III-2 presents important industry events from 2008 to 2011, as well as earlier events dating back to 2003, the year the Commission issued its determination and recommendations in the Section 421 proceeding.

Table III-2

SWG hangers: Important industry events, 2003-11

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.
	US 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.

Table continued on next page.

Table III-2--Continued
SWG hangers: Important industry events, 2003-11

Year	Company	Description of event (merger, shutdown, bankruptcy, change in capacity)
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 starts acting 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 new machines from a plant that closed; decreased hours of operation and the number of machines used.
	Navisa	Closed its plant on April 2, laying off 70 employees.
	Shanti	Purchased the Wisconsin facilities formerly operated by Laidlaw.
	United Wire	Shutdown its New Jersey plant.
2008	Shanti	***.
	Indy Hanger	***.
2009	US Hanger	***. (This company is not related to the US Hanger company that ceased operations in 2004.)
	Eagle Hangers	Began production in Pearland, TX ***.
	Platinum Hanger	Began operations sometime after the antidumping investigation of SWG hangers from China in 2008, however the company shut down in 2009.
2010	Shanti	Filed for bankruptcy in January 2010.
	Great Plains Hanger	Began production of SWG hangers in February.
2011	Shanti	Closed its hanger production facilities in January 2011.
	Great Plains Hanger	Closed its hanger production facilities in early 2011.
Source: Compiled from information submitted in response to Commission questionnaires, the petition, postconference briefs, and Steel Wire Garment Hangers from China, Inv. No. 731-TA-1123 (Final), USITC Publication 4034, September 2008, and http://www.meenathiruvengadam.com/articles/dry-cleaners.html .		

In the Commission's questionnaire, U.S. producers were asked if they had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; prolonged shutdowns or curtailment of production because of shortages of materials; revised any labor agreements; or any other change in the character of their operations or organization relating to the production of steel wire garment hangers since January 1, 2009. Indy Hanger ***. Since January 1, 2009, M&B has ***. M&B ***." US Hangers reported that it ***.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

U.S. producers' capacity, production, and capacity utilization data for SWG hangers are presented in table III-3. Reported production increased from *** SWG hangers in 2009 to *** in 2011 and also was higher in January-June 2012 than in the same period in 2011. Reported capacity has increased throughout the period for which data were collected. This is due to the ***. The three current producers that did not respond to the Commission's questionnaires (Eagle Hangers, Ganchos, and Metro) had estimated production of *** hangers in 2010.¹⁰ Former producer Shanti, which had capacity to produce *** hangers in 2010,¹¹ filed for bankruptcy in January 2010 and shut down its manufacturing facilities in January 2011. Two companies, Platinum Hanger and Great Plains, began production of SWG hangers after the investigation on SWG hangers from China ended, but stopped production in 2009 and 2011, respectively.^{12 13}

Table III-3
SWG hangers: U.S. capacity, production, and capacity utilization, 2009-11, January-June 2011, and January-June 2012

* * * * *

U.S. PRODUCERS' SHIPMENTS

Reported data on U.S. producers' shipments of SWG hangers are presented in table III-4. U.S. shipments of SWG hangers by quantity increased by *** percent from 2009 to 2011 and were *** percent higher in January-June 2012 than in January-June 2011. The unit value of U.S. shipments of SWG hangers decreased from \$*** per 1,000 hangers in 2009 to \$*** per 1,000 hangers in 2010 before increasing to \$*** per 1,000 hangers in 2011, and was \$*** in January-June 2012 compared to \$*** in January-June 2011. Only one U.S. producer (***) reported exporting hangers, which constituted a *** of the quantity of U.S. producers' total shipments of SWG hangers throughout the period for which data were collected. This company reported primarily exporting to ***.

¹⁰ Petition, exh. I-3.

¹¹ Ibid.

¹² Petition p. I-5. Platinum Hanger had estimated production of *** hangers in 2009 and Great Plains had estimated production of *** hangers in 2010. Petition exh. I.

¹³ See also respondents' postconference brief at exhibit 2 for a further discussion of these companies.

Table III-4
SWG hangers: U.S. producers' shipments, by types, 2009-11, January-June 2011, and January-June 2012

* * * * *

Table III-5 presents information on U.S. producers' U.S. commercial shipments of hangers by type in 2011 and table III-6 presents information on U.S. producers' U.S. commercial shipments of hangers by coating in 2011. Almost three-quarters of U.S. shipments (by quantity and value) of SWG hangers in 2011 were uniform rental hangers. Low-volume drapery hangers commanded the highest average unit values, while suit hangers and shirt hangers commanded the lowest average unit values. In terms of coating, painted and latex-coated hangers accounted for over 90 percent of U.S. shipments (by quantity and value) of SWG hangers in 2011.

Table III-5
SWG hangers: U.S. producers' U.S. shipments by type of hanger, 2011

* * * * *

Table III-6
SWG hangers: U.S. producers' U.S. shipments by coating of hanger, 2011

* * * * *

U.S. PRODUCERS' INVENTORIES

Table III-7, which presents end-of-period inventories for SWG hangers, shows that inventories fluctuated from 2009 to 2011, with a large decline from 2009 to 2010 and then an increase between 2010 and 2011. ***.

Table III-7
SWG hangers: U.S. producers' end-of-period inventories, 2009-11, January-June 2011, and January-June 2012

* * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports of SWG hangers are presented in table III-8. No company reported purchasing SWG hangers. *** to import SWG hangers during the period for which data were collected, and imported from ***. These imports were *** percent lower in 2011 than in 2009, and increased by *** percent from January-June 2011 to January-June 2012.

Table III-8
SWG hangers: U.S. producers' imports and purchases, 2009-11, January-June 2011, and January-June 2012

* * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' aggregate employment data for SWG hangers are presented in table III-9. Production-related workers (PRWs) decreased from 2009 to 2011 by *** percent. The hours worked by PRWs as well as the total wages paid increased from 2009 to 2011. Hours worked per PRW and productivity increased from 2009 to 2011. Productivity was higher in January-June 2012 but hours worked per PRW showed a slight decline when compared to the same period in 2011.

Table III-9

SWG hangers: U.S. producers' employment-related data, 2009-11, January-June 2011, and January-June 2012

* * * * *

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 41 firms believed to be importers of SWG hangers, as well as to all U.S. producers of SWG hangers. Fifteen firms submitted usable questionnaire responses. These firms accounted for *** percent of imports from Taiwan, *** percent of imports from Vietnam, and *** percent of imports from all other sources, entered under HTS statistical reporting number 7326.20.0020 in 2011.¹ The coverage by the usable questionnaire responses is equivalent to 49.1 percent of all imports of SWG hangers in 2011. Table IV-1 lists all responding U.S. importers of SWG hangers from Taiwan, Vietnam, and other sources, their locations, and their shares of U.S. imports, in 2011.

¹ In the final phase of these investigations, four responding U.S. importers (***) reported imports from Taiwan during the period examined. According to Customs data for 2009 to 2011, the two companies, ***, with the largest volumes of imports of SWG hangers from Taiwan did not respond to the Commission's questionnaires. In addition, both of these companies had no imports of SWG hangers from Taiwan in 2011, but are still by far the largest importers of SWG hangers for the period of investigation. With respect to ***, a responding importer in the same general area indicated that he had no knowledge of the company. With respect to ***, a responding importer in the same general area indicated that the company had gone out of business. Staff telephone interviews with ***, January 23, 2012. In addition, the company with the third-largest volume of imports of SWG hangers from Taiwan (according to Customs data) provided only a late and incomplete response to the Commission's questionnaire in the preliminary but did not submit a Commission questionnaire in the final phase. *** reported that it imported *** SWG hangers valued at \$*** from Taiwan in 2010.

Table IV-1
SWG hangers: U.S. importers, source(s) of imports, U.S. headquarters, and shares of reported imports in 2011

Firm	Headquarters	Source of imports	Share of reported imports (percent)			
			Taiwan	Vietnam	Other	Total
CTN Hangers USA, LLC	Arlington, TX	***	***	***	***	***
Franco American	Monterrey Park, CA	***	***	***	***	***
Godoxa International	Raleigh, NC	***	***	***	***	***
H2I2 Dry Cleaning Supply, Inc.	Aurora, CO	***	***	***	***	***
Hong Kong Wells	El Monte, CA	***	***	***	***	***
J L Imports	Hasbrook Heights, NJ	***	***	***	***	***
M&B Metal Products	Leeds, AL	***	***	***	***	***
My Cleaning Supply, Corp.	Palisades Park, NJ	***	***	***	***	***
North American Hanger, Corp.	Oak Park, MI	***	***	***	***	***
Nuclear Supply, Inc.	Collingdale, PA	***	***	***	***	***
Tri Loan Hangers, Inc.	West Chester, OH	***	***	***	***	***
Tri State	Cincinnati, OH	***	***	***	***	***
United Trading, Co.	Missouri City, TX	***	***	***	***	***
Wah Hing Lee Investment	Alameda, CA	***	***	***	***	***
Y&S International Trading, Inc.	Flushing, N Y	***	***	***	***	***
Total			100.0	100.0	100.0	100.0
Note.—Because of rounding, figures may not add to the totals shown.						
Source: Compiled from data submitted in response to Commission questionnaires.						

U.S. IMPORTS

Table IV-2 presents data for U.S. imports of SWG hangers from Taiwan, Vietnam, China, Mexico, and all other sources. Imports from Taiwan increased substantially in 2009 and 2010 (after the antidumping duty order on China entered into effect),² but then decreased in 2011 and dramatically decreased again in January-June 2012 when compared to the same period in 2011.³ Imports from Vietnam increased substantially in 2009 and 2010, continued to increase from 2010 to 2011, but declined in January-June 2012 when compared to the same period in 2011. Imports from all other sources combined in January-June 2012 were 655.1 million SWG hangers, a level much higher than the same period in 2011. The leading nonsubject source in 2009 was China, with 733.9 million SWG hangers. Such imports declined sharply in 2010 to 220.0 million SWG hangers, after the antidumping duty order on China entered into effect, but rose to 588.9 million SWG hangers in 2011.⁴ The second leading nonsubject source was Mexico, with imports fluctuating between 453.5 million in 2009 and 375.0 million SWG hangers in 2010.

² *Notice of Antidumping Duty Order: Steel Wire Garment Hangers from the People's Republic of China*, 73 FR 58111, October 6, 2008.

³ Due to the lack of response from Taiwanese producers, it is unclear why imports from Taiwan have declined so rapidly in interim 2012. At the hearing, counsel for petitioners stated that they do not know why imports from Taiwan declined so dramatically in 2011 and that they have asked members of the industry, customers of Petitioners, but “no one seems to know...just the Taiwanese left the market and Vietnam stayed in the market very heavily.” In addition, he noted that “a number of the Chinese hanger producers historically have either been owned, or controlled, or had heavy investment by Taiwanese interests...the change in composition of the companies who were shipping hangers from Taiwan during the POI indicated to us that there was an industry established in Taiwan that was established very rapidly and that there could be very rapid movement of machinery and capabilities across the Formosa Strait to Taiwan, and we all recognize that Taiwan, even more than Vietnam, is a heavily industrialized, almost first world country that certainly had the capability, and the resources and the skilled workforce to put an industry together quickly.” Hearing transcript, pp. 59-60 (Waite).

⁴ The petition regarding imports of steel wire garment hangers from China was filed on July 31, 2007, Commerce's preliminary determination was published on March 25, 2008, and Commerce published the antidumping duty order on October 6, 2008. 73 FR 15726; 73 FR 58111.

Table IV-2
SWG hangers: U.S. imports, by sources, 2009-11, January-June 2011, and January-June 2012

Source	Calendar year			January-June	
	2009	2010	2011	2011	2012
Quantity (1,000 hangers)					
Taiwan	331,678	334,145	54,899	53,212	901
Vietnam	426,551	823,897	912,346	504,697	424,392
Subtotal	758,229	1,158,042	967,245	557,909	425,293
China (nonsubject)	733,871	220,001	588,917	132,004	408,835
Mexico (nonsubject)	453,473	374,990	399,043	193,314	222,449
All other nonsubject	112,862	153,410	100,172	68,509	23,792
Subtotal (nonsubject)	1,300,206	748,400	1,088,132	393,827	655,075
Total	2,058,434	1,906,443	2,055,377	951,737	1,080,369
Value (1,000 dollars)¹					
Taiwan	12,102	13,052	2,501	2,195	153
Vietnam	18,316	30,194	36,243	19,973	17,164
Subtotal	30,417	43,246	38,744	22,168	17,317
China (nonsubject)	25,878	9,763	23,804	5,924	17,541
Mexico (nonsubject)	14,846	12,742	15,407	7,252	8,709
All other nonsubject	5,592	6,983	4,331	2,828	1,269
Subtotal (nonsubject)	46,316	29,488	43,542	16,004	27,519
Total	76,733	72,734	82,287	38,172	44,835
Unit value (dollars per 1,000 hangers)¹					
Taiwan	36.49	39.06	45.56	41.25	169.63
Vietnam	42.94	36.65	39.73	39.57	40.44
Subtotal	40.12	37.34	40.06	39.73	40.72
China (nonsubject)	35.26	44.38	40.42	44.88	42.90
Mexico (nonsubject)	32.74	33.98	38.61	37.51	39.15
All other nonsubject	49.55	45.52	43.24	41.28	53.32
Subtotal (nonsubject)	35.62	39.40	40.02	40.64	42.01
Average	37.28	38.15	40.03	40.11	41.50

Table continued on next page.

Table IV-2--Continued

SWG hangers: U.S. imports, by sources, 2009-11, January-June 2011, and January-June 2012

Source	Calendar year			January-June	
	2009	2010	2011	2011	2012
Share of quantity (percent)					
Taiwan	16.1	17.5	2.7	5.6	0.1
Vietnam	20.7	43.2	44.4	53.0	39.3
Subtotal	36.8	60.7	47.1	58.6	39.4
China (nonsubject)	35.7	11.5	28.7	13.9	37.8
Mexico (nonsubject)	22.0	19.7	19.4	20.3	20.6
All other nonsubject	5.5	8.0	4.9	7.2	2.2
Subtotal (nonsubject)	63.2	39.3	52.9	41.4	60.6
Total	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
Taiwan	15.8	17.9	3.0	5.8	0.3
Vietnam	23.9	41.5	44.0	52.3	38.3
Subtotal	39.6	59.5	47.1	58.1	38.6
China (nonsubject)	33.7	13.4	28.9	15.5	39.1
Mexico (nonsubject)	19.3	17.5	18.7	19.0	19.4
All other nonsubject	7.3	9.6	5.3	7.4	2.8
Subtotal (nonsubject)	60.4	40.5	52.9	41.9	61.4
Total	100.0	100.0	100.0	100.0	100.0
¹ Landed, U.S. port of entry, duty-paid.					
Source: Compiled from official Commerce statistics (HTS 7326.20.0020).					

The data in the following tabulation are the reported imports from the firms that certified importing SWG hangers from either Taiwan or Vietnam (twelve out of the fifteen responding firms reported imports from Taiwan or Vietnam during the period of investigation).⁵

Source	Calendar year			January-June	
	2009	2010	2011	2011	2012
Taiwan (1,000 hangers)	***	***	***	***	***
Vietnam (1,000 hangers)	***	***	***	***	***

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

The data in the next tabulation are the reported exports of SWG hangers to the United States by responding producers in Vietnam. No companies reported producing SWG hangers in Taiwan.

Source	Calendar year			January-June	
	2009	2010	2011	2011	2012
Vietnam (1,000 hangers)	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires

⁵ During the preliminary investigations, respondents contended that many of the imports from Taiwan and Vietnam were circumventing the order on China or being transhipped from China. Indeed, according to one witness, Mr. Tran, an estimated 90 percent of imports of SWG hangers from Taiwan were circumventing/transhipped. For Vietnam, he estimated transshipments account for 30-35 percent of imports. According to Mr. Tran, only eight companies are legitimate producers of SWG hangers in Vietnam. Staff Report on Steel Wire Garment Hangers from Taiwan and Vietnam, Investigation Nos. 701-TA-487 and 731-TA-1197-1198 (Preliminary), INV-KK-010 (February 6, 2012), p. IV-5. In the final investigations, petitioners met with U.S. Customs and Border Protection and have some limited information of hanger imports coming in from Laos and noted that they are still investigating whether the hanger shipments from Laos are transshipped. "In terms of any new solid credible information of transshipment of Vietnamese and/or Taiwanese hangers into the United States, no. Not since the preliminary determination have we seen any new information." Hearing transcript, pp. 55-57 (Waite).

CRITICAL CIRCUMSTANCES

On August 24, 2012, Commerce issued its preliminary determination that “critical circumstances” exist with regard to imports from Vietnam of SWG hangers from the Vietnam-wide entity (which includes Hamico), the TJ Group,⁶ and the separate rate respondents (CTN Limited Company, Ju Fu Co., Ltd., and Triloan Hangers, Inc.). In particular, Commerce stated:

“Record evidence indicates that importers of steel wire garment hangers knew, or should have known, that exporters were selling the merchandise at LTFV, and that there was likely to be material injury by reason of such sales. In addition, we have imputed that the Vietnam-wide entity and the TJ Group has massive imports during a relatively short period. Lastly, record evidence shows that the separate rate respondents had massive imports during a relatively short period.”⁷

If both Commerce and the Commission make affirmative final critical circumstances determinations in these investigations, certain subject imports may be subject to antidumping duties retroactive by 90 days from February 17, 2012, the effective date of Commerce’s preliminary affirmative LTFV determination. Table IV-3 presents these data.

⁶ Respondents argue that “Commerce’s finding was not based on the individual import data of any individual respondent demonstrating a massive increase in imports after the filing of the petition. Rather, the determination was based on adverse facts available or facts available resulting from TJ Group’s withdrawal from Commerce’s investigation.” Respondent prehearing brief, p. 2.

⁷ *Steel Wire Garment Hangers From the Socialist Republic of Vietnam: Preliminary Affirmative Determination of Critical Circumstances in the Antidumping Duty Investigation*, 77 FR 51514, August 24, 2012, presented in app. A. When petitioners file timely allegations of critical circumstances, Commerce examines whether there is a reasonable basis to believe or suspect that (1) either there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise, or the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at LTFV and that there was likely to be material injury by reason of such sales; and (2) there have been massive imports of the subject merchandise over a relatively short period.

Table IV-3
SWG hangers: U.S. imports from Vietnam, by month, June 2011 to June 2012

Month	Vietnam	All other	Total
Quantity (1,000 hangers)			
June 2011	105,876	99,967	205,843
July 2011	83,555	120,966	204,521
August 2011	76,380	130,280	206,660
September 2011	68,487	123,892	192,379
October 2011	57,034	108,183	165,218
November 2011	59,561	117,152	176,713
December 2011 ¹	62,631	95,518	158,149
January 2012	79,932	113,801	193,733
February 2012	68,309	76,024	144,333
March 2012	73,777	92,194	165,971
April 2012	78,611	121,309	199,920
May 2012	87,038	125,833	212,871
June 2012	36,726	126,815	163,541
Total	937,917	1,451,935	2,389,852
¹ The petition in this investigation was filed on December 29, 2011.			
Source: Compiled from official statistics from Department of Commerce.			

Petitioners argue that “increase in the volume of subject imports from Vietnam following the filing of the petitions in December 2011 as well as the timing and prices associated with the increased volumes from Vietnam warrant the application of critical circumstances. Without the retroactive application of countervailing and antidumping duties, these imports will have seriously undermined the remedial effect of the orders.”⁸ Respondents contend that there has not been a “massive increase in subject imports that could seriously undermine any antidumping duty order nor are there any other circumstances indicating that the remedial effect of the order will be seriously undermined.”⁹

⁸ Petitioners’ prehearing brief, p. 16.

⁹ Respondents’ prehearing brief, p. 5.

NEGLIGENCE

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.¹⁰ 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.¹¹ Between December 2010 and November 2011, imports by quantity from Taiwan accounted for 3.4 percent of total imports of SWG hangers, and imports by quantity from Vietnam accounted for 45.7 percent of total imports of SWG hangers.¹²

CUMULATION

In assessing whether subject imports are likely to compete with each other and with the domestic like product with respect to cumulation, the Commission generally has considered the following four factors: (1) the degree of fungibility, including specific customer requirements and other quality-related questions; (2) presence of sales or offers to sell in the same geographic markets; (3) common channels of distribution; and (4) simultaneous presence in the market. Available information concerning these factors is presented below; information concerning factor (3) appears in Part II of this report.

Fungibility

In 2011, uniform rental hangers accounted for the largest individual share of U.S. producers' U.S. shipments and the largest share of SWG hangers from Vietnam. U.S. shipments of imported SWG hangers from Taiwan and from nonsubject sources were more heavily concentrated in shirt hangers and strut hangers and, to a lesser extent, capped hangers -- categories that also accounted for a substantial portion of U.S. shipments of SWG hangers from Vietnam. These three categories represented *** percent of U.S. producers' shipments of SWG hangers in 2011. Drapery hangers and other SWG hangers accounted for the smallest shares of U.S. shipments by U.S. producers and U.S. importers alike. In 2011, painted hangers accounted for the largest individual share of U.S. shipments of SWG hangers produced in the United States, almost *** of the imported SWG hangers Taiwan, *** of the imported SWG hangers from Vietnam, and the *** of SWG hangers from nonsubject sources. A substantial share of U.S.-produced hangers were coated. U.S. producers' and U.S. importers' shares of U.S. shipments by type of hanger and by coating of hanger in 2011 are presented in tables IV-4 and IV-5.

¹⁰ Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

¹¹ Section 771(24) of the Act (19 U.S.C. § 1677(24)).

¹² In the preliminary investigations, Vietnamese Respondents argue that approximately 90 percent of imports from Taiwan and 30 percent of imports from Vietnam originated from China either via circumvention or transshipment. Consequently, they argue, imports from Taiwan are negligible. Respondents' postconference brief, p. I-13.

Table IV-4**SWG hangers: U.S. producers' and U.S. importers' shares of U.S. shipments by type of hanger, 2011**

Type of hanger	U.S. producers' U.S. shipments	U.S. shipments of imports (percent)		
		Taiwan	Vietnam	All other sources
Shirt hangers	***	***	***	***
Suit hangers	***	***	***	***
Strut hangers	***	***	***	***
Caped hangers	***	***	***	***
Drapery hangers	***	***	***	***
Uniform hangers	***	***	***	***
Other SWG hangers	***	***	***	***
Total	0.0	0.0	0.0	0.0

Note.—Because of rounding, shares may not total to 100.0 percent.

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

Table IV-5**SWG hangers: U.S. producers' and U.S. importers' shares of U.S. shipments by coating of hanger, 2011**

Type of hanger	U.S. producers' U.S. shipments	U.S. shipments of imports (percent)		
		Taiwan	Vietnam	All other sources
Plain hangers	***	***	***	***
Painted hangers	***	***	***	***
Galvanized hangers	***	***	***	***
Epoxy-Coated hangers	***	***	***	***
Latex-Coated hangers	***	***	***	***
Vinyl-Coated hangers	***	***	***	***
Other SWG hangers	***	***	***	***
Total	0.0	0.0	0.0	0.0

Note.—Because of rounding, shares may not total to 100.0 percent.

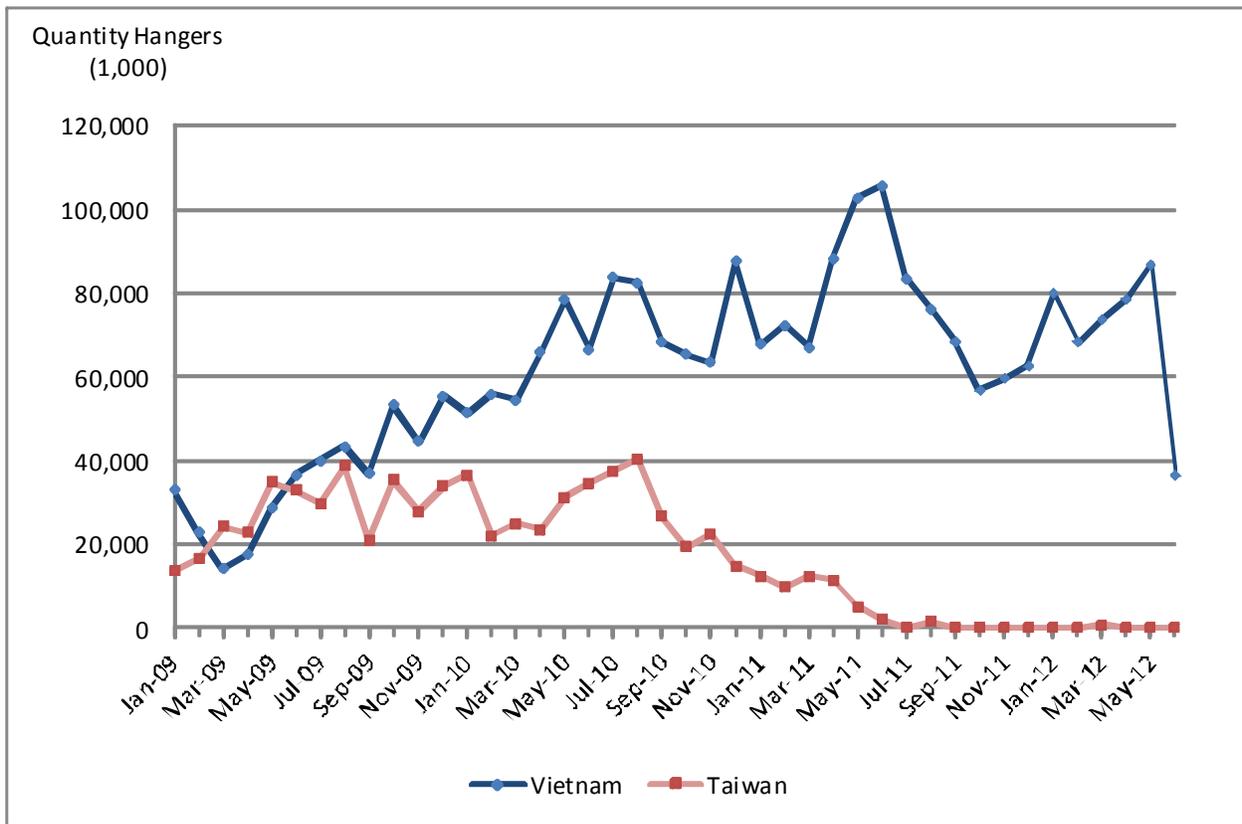
Source: Compiled from data submitted in response to Commission questionnaires.

Presence in the Market

With respect to simultaneous presence in the market, in the 42 months between January 2009 and June 2012, imports of SWG hangers from Taiwan and Vietnam entered the United States in 41 and 42 months, respectively.¹³ However, as shown in figure IV-1, monthly volumes varied markedly over time. SWG hanger imports from Taiwan were nominal from June 2011 through June 2012.

¹³ Department of Commerce's official statistics (HTS 7326.20.0020).

Figure IV-1
SWG hangers: U.S. imports, monthly entries into the United States, by sources, January 2009-June 2012



Source: Compiled from official Commerce statistics (HTS 7326.20.0020).

Geographic Markets

With respect to geographic markets, U.S. imports of SWG hangers from Taiwan primarily entered the United States through the Customs districts of Baltimore, Chicago, Los Angeles, New York, Savannah, and Seattle. U.S. imports of SWG hangers from Vietnam primarily entered the United States through the Custom districts of Charleston, SC, Chicago, Dallas-Fort Worth, Houston/Galveston, Los Angeles, Miami, New York, San Francisco, Savannah, and Seattle.¹⁴

¹⁴ Department of Commerce’s official statistics (HTS 7326.20.0020).

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of SWG hangers during the period of investigation are shown in table IV-6.

Table IV-6

SWG hangers: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2009-11, January-June 2011, and January-June 2012

Item	Calendar year			January-June	
	2009	2010	2011	2011	2012
Quantity (1,000 hangers)					
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from--					
Taiwan	331,678	334,145	54,899	53,212	901
Vietnam	426,551	823,897	912,346	504,697	424,392
Subtotal	758,229	1,158,042	967,245	557,909	425,293
Nonsubject countries	1,300,206	748,400	1,088,132	393,827	655,075
All countries	2,058,434	1,906,443	2,055,377	951,737	1,080,369
Apparent U.S. consumption	***	***	***	***	***
Value (1,000 dollars)					
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from--					
Taiwan	12,102	13,052	2,501	2,195	153
Vietnam	18,316	30,194	36,243	19,973	17,164
Subtotal	30,417	43,246	38,744	22,168	17,317
Nonsubject countries	46,316	29,488	43,542	16,004	27,519
All countries	76,733	72,734	82,287	38,172	44,835
Apparent U.S. consumption	***	***	***	***	***
Note.—Because of rounding, figures may not add to the totals shown.					
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.					

U.S. MARKET SHARES

U.S. market share data are presented in table IV-7.

Table IV-7

SWG hangers: U.S. consumption and market shares, 2009-11, January-June 2011, and January-June 2012

* * * * *

RATIO OF IMPORTS TO U.S. PRODUCTION

Information concerning the ratio of imports to U.S. production of SWG hangers is presented in table IV-8.

Table IV-8

SWG hangers: U.S. production, U.S. imports, and ratios of imports to U.S. production, 2009-11, January-June 2011, and January-June 2012

Item	Calendar year			January-June	
	2009	2010	2011	2011	2012
Quantity (1,000 hangers)					
U.S. production	***	***	***	***	***
Imports from:					
Taiwan	331,678	334,145	54,899	53,212	901
Vietnam	426,551	823,897	912,346	504,697	424,392
Subtotal	758,229	1,158,042	967,245	557,909	425,293
Nonsubject countries	1,300,206	748,400	1,088,132	393,827	655,075
Total imports	2,058,434	1,906,443	2,055,377	951,737	1,080,369
Ratio of U.S. imports to production (percent)					
Imports from:					
Taiwan	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal	***	***	***	***	***
Nonsubject countries	***	***	***	***	***
Total imports	***	***	***	***	***
<p>Note.—Because of rounding, figures may not add to the totals shown.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.</p>					

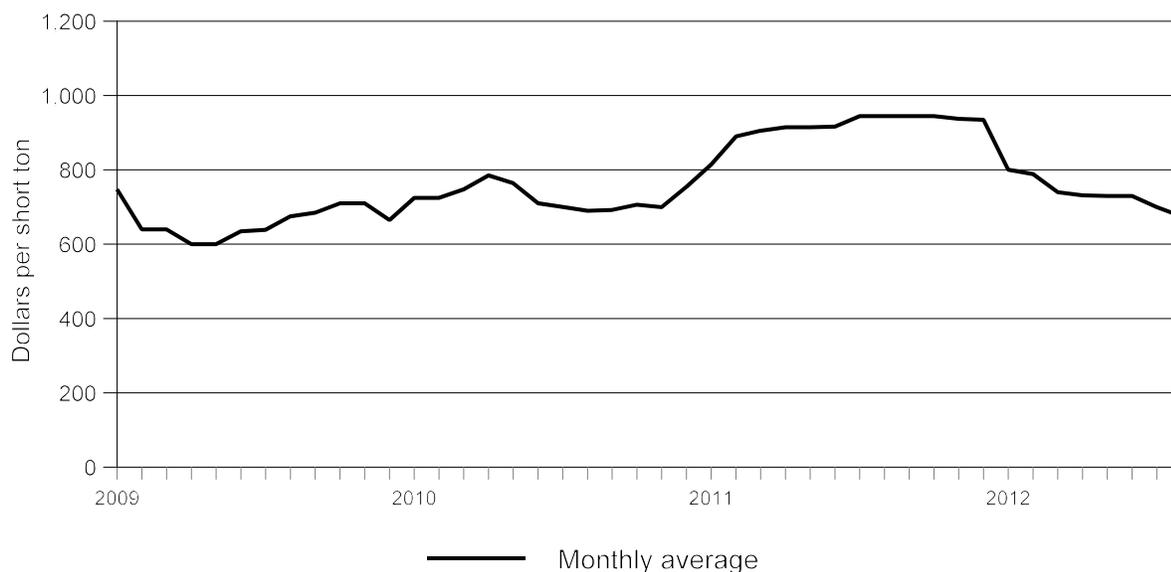
PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

Raw material costs account for a large share of the cost of SWG hangers. These costs increased irregularly from *** percent of the cost of goods sold in 2009 to *** percent in 2011. During January-June 2012, they accounted for *** percent up from *** percent in January-June 2011. The major raw material used in SWG hangers is low-carbon steel wire rod. During January 2009 through August 2012, the price of this material has fluctuated, reaching a peak of \$945 per ton during July, August, September and October of 2011 and then declining during the next year (figure V-1).

Figure V-1
Low-carbon steel wire rod: U.S. domestic prices, monthly, January 2009 to August 2012



Source: American Metal Market (retrieved September 13, 2012).

U.S. Inland Transportation Costs

Estimates of the cost of inland transportation in the United States as a percentage of the delivered price ranged widely among questionnaire respondents. For the three U.S. producers, estimates ranged from 7 to 10 percent. Among responding importers of product from the subject countries, the estimates ranged from slightly over 1 percent to as much as 20 to 25 percent.

U.S. producers and importers most commonly reported that the majority of their shipments fall within the range of 101 to 1,000 miles. For two of three U.S. producers, shipments within this range accounted for between 66 percent and 75 percent of their totals. For the 12 importers from subject countries, 6 reported that the majority of their shipments were for distances of 100 miles or less, and 6 reported that the majority of shipments were for distances between 101 and 1,000 miles.

PRICING PRACTICES

Pricing Methods

Prices of SWG hangers are determined in various ways. U.S. producers and a majority of importers reported using transaction-by-transaction negotiations and set price lists. One importer also reported using customer negotiations in determining prices and another reported that it uses contracts in addition to transaction-by-transaction negotiations.

All three responding U.S. producers reported that they quote prices on a delivered basis, while importers of SWG hangers from the subject countries reported quoting on both an f.o.b. and delivered basis. Among 12 responding importers, 7 quote delivered prices and 5 quote f.o.b. prices.

All three U.S. producers and the majority of the importers from subject countries sell entirely on a spot basis. One importer of product from Vietnam *** sells entirely on a short-term contract basis. Its contract periods are 180 day and quantities are fixed but prices can be renegotiated during the contract period. Meet-or-release provisions do not apply.

Sales Terms and Discounts

The majority of U.S. producers and importers do not offer discounts based on quantity, and none offer discounts based on annual total volume. Just one of the three responding producers and one of the ten responding importers provide quantity discounts. One producer provides a discount for early payment of accounts, and one importer provides a discount for payment when the shipment is received.

PRICE DATA

The Commission requested U.S. producers and importers of SWG hangers to provide quarterly data for the total quantity and value of SWG hangers that was/were shipped to unrelated customers in the U.S. market. Data were requested for the period January 2009 through June 2012. The products for which pricing data were requested are as follows:

Product 1.–18-inch shirt hangers

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

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

Product 4.–16-inch strut hangers

Product 5.–13 gauge / 16-inch latex hangers (long neck)

Three U.S. producers and 9 importers of product from the subject countries provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters. Pricing data reported by these firms accounted for approximately 45.5 percent of U.S. producers' shipments of SWG hangers, 6.7 percent of U.S. shipments of imports from Taiwan, and 34.4 percent of shipments of imports from Vietnam during January 2009 through June 2012.

Price Trends

Quarterly weighted-average prices of the five products are presented in tables V-1 through V-5 and in figure V-2 for January-March 2009 through April-June 2012.¹ U. S. producer prices for the five products fluctuated within a fairly narrow range during the period without any clear trend. Taiwan prices of products 1, 3, 4, and 5 declined irregularly in the periods where sales were reported while the price of product 2 fluctuated with no clear trend. No sales of product 5 from Taiwan were reported after 2009. Prices of all five products from Vietnam decreased irregularly overall during the 13 and 14 quarter periods. Quarterly U.S. producer shipments of the five products fluctuated with no evident trend during the period and shipments of imports from Taiwan were relatively stable during the quarters where they were reported. Shipments of imports of products 1 through 4 from Vietnam all rose sharply during 2011 and 2012 while shipments of product 5 fluctuated widely during the 13 quarter period.

¹ Prices of nonsubject imports are presented in appendix D.

Table V-1

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 1¹ and margins of underselling/(overselling), by quarters, January 2009-June 2012

	United States		Taiwan			Vietnam		
	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)	Margin (percent)
2009:								
Jan.-Mar.	\$***	***	\$***	***	***	\$***	***	***
Apr.-June	***	***	39.81	4,051	***	***	***	***
July-Sept.	***	***	38.33	4,183	***	34.60	5,874	***
Oct.-Dec.	***	***	39.04	3,332	***	31.59	10,440	***
2010:								
Jan.-Mar.	35.23	4,975	***	***	***	31.12	9,302	11.6
Apr.-June	36.48	5,576	***	***	***	29.89	18,144	18.1
July-Sept.	37.81	5,310	***	***	***	31.46	14,147	16.8
Oct.-Dec.	37.61	6,318	***	***	***	30.18	18,149	19.8
2011:								
Jan.-Mar.	42.68	5,968	***	***	***	30.91	32,419	27.6
Apr.-June	40.67	9,089	-	-	-	33.36	35,673	18.0
July-Sept.	***	***	-	-	-	32.09	41,063	***
Oct.-Dec.	44.24	4,353	-	-	-	31.17	44,848	29.5
2012:								
Jan.-Mar	***	***	-	-	-	31.18	56,203	***
Apr.-June	47.77	9,833	-	-	-	31.62	55,472	33.8

¹ Product 1.-- 18-inch 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 2¹ and margins of underselling/(overselling), by quarters, January 2009-June 2012

	United States		Taiwan			Vietnam		
	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)	Margin (percent)
2009:								
Jan.-Mar.	\$***	***	\$***	***	***	\$***	***	***
Apr.-June	***	***	***	***	***	***	***	***
July-Sept.	***	***	62.76	178	***	***	***	***
Oct.-Dec.	***	***	49.26	440	***	***	***	***
2010:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	46.82	2,041	***
2011:								
Jan.-Mar.	***	***	***	***	***	46.94	1,974	***
Apr.-June	***	***	-	-	-	47.94	3,553	***
July-Sept.	***	***	-	-	-	46.45	4,220	***
Oct.-Dec.	***	***	-	-	-	44.63	4,882	***
2012:								
Jan.-Mar	***	***	-	-	-	42.35	6,220	***
Apr.-June	***	***	-	-	-	42.96	6,311	***

¹ Product 2.-- 13 gauge /16-inch plain capped 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 3¹ and margins of underselling/(overselling), by quarters, January 2009-June 2012

	United States		Taiwan			Vietnam		
	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)	Margin (percent)
2009:								
Jan.-Mar.	\$***	***	\$***	***	***	\$***	***	***
Apr.-June	***	***	70.13	196	***	***	***	***
July-Sept.	***	***	64.96	224	***	***	***	***
Oct.-Dec.	***	***	59.00	233	***	***	***	***
2010:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	43.82	3,198	
Oct.-Dec.	***	***	***	***	***	***	***	***
2011:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-June	***	***	-	-	-	***	***	***
July-Sept.	***	***	-	-	-	46.17	8,168	***
Oct.-Dec.	***	***	-	-	-	45.30	17,746	***
2012:								
Jan.-Mar	***	***	-	-	-	***	***	***
Apr.-June	***	***	-	-	-	***	***	***

¹ 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 4¹ and margins of underselling/(overselling), by quarters, January 2009-June 2012

	United States		Taiwan			Vietnam		
	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))	Margin (percent)
2009:								
Jan.-Mar.	\$***	***	\$***	***	***	-	-	-
Apr.-June	***	***	***	***	***	\$***	***	***
July-Sept.	***	***	***	***	***	54.40	3,161	***
Oct.-Dec.	***	***	***	***	***	50.07	4,855	***
2010:								
Jan.-Mar.	***	***	***	***	***	47.04	5,033	***
Apr.-June	***	***	***	***	***	45.86	10,022	***
July-Sept.	***	***	***	***	***	47.26	4,790	***
Oct.-Dec.	***	***	***	***	***	49.07	8,548	***
2011:								
Jan.-Mar.	***	***	***	***	***	47.72	10,870	***
Apr.-June	***	***	***	***	***	51.21	17,667	***
July-Sept.	***	***	-	-	-	49.06	16,876	***
Oct.-Dec.	***	***	-	-	-	45.94	22,206	***
2012:								
Jan.-Mar	***	***	-	-	-	46.42	26,771	***
Apr.-June	***	***	-	-	-	46.26	35,817	***

¹ Product 4.-- 16-inch strut hangers.

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 5¹ and margins of underselling/(overselling), by quarters, January 2009-June 2012

	United States		Taiwan			Vietnam		
	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)	Margin (percent)
2009:								
Jan.-Mar.	\$***	***	\$***	***	***	-	-	-
Apr.-June	***	***	***	***	***	\$***	***	***
July-Sept.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2010:								
Jan.-Mar.	***	***	-	-	-	***	***	***
Apr.-June	***	***	-	-	-	***	***	***
July-Sept.	***	***	-	-	-	***	***	***
Oct.-Dec.	***	***	-	-	-	***	***	***
2011:								
Jan.-Mar.	***	***	-	-	-	***	***	***
Apr.-June	***	***	-	-	-	***	***	***
July-Sept.	***	***	-	-	-	***	***	***
Oct.-Dec.	***	***	-	-	-	45.93	11,090	***
2012:								
Jan.-Mar	***	***	-	-	-	***	***	***
Apr.-June	***	***	-	-	-	***	***	***

¹ Product 5.-- 13 gauge /16-inch latex hangers (long neck).

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

Table V-6

SWG hangers: Summary of weighted-average f.o.b. prices for Products 1-5 from the United States, Taiwan, and Vietnam

* * * * *

Figure V-2

SWG hangers: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2009-June 2012

* * * * *

Price Comparisons

Margins of underselling and overselling by country and by product ranges and averages of margins are presented in table V-7. Prices of imports from Taiwan were lower than those of U.S. producers on 5 comparison and higher in 37 comparisons. For Vietnam, import prices were lower than U.S. producer prices in 65 comparisons and higher in 3 comparisons.

Table V-7

SWG hangers: Instances of underselling/overselling and the range and average of margins, January 2009-June 2012

* * * * *

LOST SALES AND LOST REVENUES

The Commission requested U.S. producers of SWG hangers to report any instances of lost sales or lost revenues they experienced due to competition from imports of SWG hangers from Taiwan and Vietnam since January 1, 2008. Of the three responding U.S. producers, two reported that they had to reduce prices or roll back announced price increases or had lost sales to Taiwan and Vietnam. The 97 lost sales allegations in the preliminary phase of the investigations totaled \$2.2 million and involved 17,902 cases of SWG hangers and 23 million individual SWG hangers (tables V-8 and V-9). Ninety-two of the allegations were specific to SWG hangers from Vietnam while five identified hangers from both Taiwan and Vietnam. The 124 lost revenues allegations in the preliminary phase of the investigations totaled \$358,840 and involved 69 million SWG hangers (table V-10). One-hundred of the allegations were specific to SWG hangers from Vietnam, 12 were for both Taiwan and Vietnam, and 10 were specific to Taiwan.² In the final phase of the investigations, 62 additional lost revenue allegations totaling \$173,700 and involving 28 million SWG hangers were submitted (table V-11). Staff contacted all purchasers in both phases of the investigations and a summary of the information obtained follows.

Information from preliminary investigations

In a separate question that was asked in the preliminary phase of the investigations nine out of 14 responding purchasers named in the lost sales and lost revenue allegations indicated that they had switched purchases of SWG hangers from U.S. producers to suppliers of SWG hangers from Taiwan and/or Vietnam since January 2008. Seven of 10 responding firms reported that price was the reason for shifting their purchases. Three purchasers reported that price was not the reason for the shift. Of these three, one firm stated that it switched because of ***. Another purchaser stated that it was *****.

Eight out of 10 responding purchasers reported that U.S. producers reduced their prices of SWG hangers in order to compete with prices of subject merchandise since January 2008. One purchaser reported that U.S. producers had ***. Another firm indicated that it ***.

Table V-8

SWG hangers: U.S. producers' lost sales allegations in preliminary investigations , by case

* * * * *

² For two line items the country was not identified.

Table V-9

SWG hangers: U.S. producers' lost sales allegations in preliminary investigations, by 1,000 hangers

* * * * *

*** stated that he could not reasonably respond to the allegations because purchasing decisions for the company are made centrally and records on these decisions are not maintained. *** stated that these sales were not lost due to price. *** reported that it does not import hangers and instead purchases SWG hangers from local suppliers.

*** disagreed with the lost sales allegations for a number of different reasons. *** gave one of the following specific reasons for the lost sale: (1) the U.S. supplier had sub-par quality, specifically that bad paint was used; or (2) that the supplier packaged the SWG hangers in boxes that were too small for ***; or (3) that the U.S. supplier was unable to supply SWG hangers when ordered due to lack of capacity or labor. Additionally, for one allegation *** stated that the SWG hangers were purchased from a U.S. supplier as well as from suppliers in Vietnam and China. Additionally, he said the company had never purchased SWG capes hangers for less than ***, which is more than twice the alleged import price of ***.

Table V-10

SWG hangers: U.S. producers' lost revenue allegations in preliminary investigations, 1,000 hangers

* * * * *

*** agreed with two of the allegations but indicated they contained errors. Specifically, for lost revenue allegation ***.

*** agreed with the allegations but also stated that the company does not directly import wire hangers but purchases them from importers.

**** stated that he agreed with the lost revenue allegations. However, *** also wrote-in revised quantities and or values for many line items. Additionally, for ***.

*** did not state if he agreed or disagreed with the three noted allegations. In place of such a statement he listed ***. Generally, the prices ***.

Tri-Supply's response

* * * * *

*** reported that it did not have an idea of the numbers given for the allegations it received.

Information from final investigations

Lost revenue information obtained in the final phase of the investigations is presented below.

Table V-11
SWG hangers: U.S. producers' lost revenue allegations in final investigations, 1,000 hangers

	*	*	*	*	*	*	*

PART VI: FINANCIAL EXPERIENCE OF THE U.S. PRODUCERS

INTRODUCTION

Three U.S. firms provided usable financial data on their operations on SWG hangers. These data are believed to account for the majority of U.S. operations on SWG hangers. No firms reported internal consumption, transfers to related firms, or tolling operations. *** reported a fiscal year end of December 31, while **. Each of the companies is privately held.

OPERATIONS ON SWG HANGERS

Income-and-loss data for U.S. firms on their operations on SWG hangers are presented in table VI-1, while selected financial data, by firm, are presented in table VI-2. The responding U.S. producers experienced increases in both net sales quantity and value from 2009 to 2011, and also in January-June 2012 as compared to January-June 2011. However, in each period for which data were requested, the domestic industry experienced an operating loss. From 2009 to 2011, the overall operating loss declined irregularly but was fairly consistent at *** and operating margins of *** percent. Between the comparable interim periods, the operating loss was *** in January-June 2011 compared to *** in January-June 2012, with related operating margins of *** percent, respectively. The per-unit net sales value irregularly declined from 2009 to 2011; however, per-unit operating costs and expenses (cost of goods sold (“COGS”) and selling, general, and administrative (“SG&A”) expenses, combined) ***, which led to a reduction in the per-unit operating loss in 2011 as compared to 2009. Between the comparable interim periods, the per-unit net sales value *** than per-unit operating costs and expenses as such costs/expenses were spread across greater volume, which led to a slightly smaller per-unit operating loss in January-June 2012 as compared to January-June 2011.

Table VI-1

SWG hangers: Results of operations of U.S. producers, 2009-11, January-June 2011, and January-June 2012

* * * * *

Table VI-2

SWG hangers: Results of operations of U.S. producers, by firm, 2009-11, January-June 2011, and January-June 2012

* * * * *

From 2009 to 2011, per-unit raw material, direct labor, and other factory costs decreased by \$***, \$***, and \$***, respectively. Between the comparable interim periods, per-unit raw material costs increased by \$***, while direct labor and other factory costs declined by \$*** and \$***, respectively.¹ Thus, the overall change in per-unit COGS from 2009 to 2011 is primarily the result of a decline in per-unit other factory costs, while the increase in per-unit COGS between the comparable interim periods reflects an increase in raw materials costs. In addition, the domestic SWG hanger industry’s SG&A

¹ The declines in conversion costs (direct labor and other factory costs) during the period examined reflect lower per-unit costs as total volume increased, as well as efforts to reduce production costs.

expenses represented *** percent of overall operating costs and expenses during the period examined, and are also a factor in the industry's reported financial performance.²

While the domestic SWG hanger industry experienced operating losses in each period for which data were requested, ***.³ Conference testimony indicated that the industrial laundry customer base is much more concentrated than the dry cleaning customer base, with seven to nine main purchasers as compared to approximately 100 distributors in the dry cleaning segment.^{4 5}

VARIANCE ANALYSIS

The variance analysis presented in table VI-3 is based on the data in table VI-1. The analysis shows that the *** in the operating loss from 2009 to 2011 is primarily attributable to a favorable net cost/expense variance that was somewhat greater than unfavorable price and volume variances (that is, the decline in costs and expenses offset the decline in prices). Between the comparable interim periods, the *** in the operating loss is primarily attributable to unfavorable net cost/expense and volume variances that offset a favorable price variance (that is, costs and expenses increased more than prices). Even though sales volume improved from 2009 to 2011, as well as between the comparable interim periods, the volume variances are negative because these values are 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 operated at a loss in 2009, and volume increased from 2009 to 2011, the volume variance is negative because the industry was making more sales of product on which it was losing money.⁶

Table VI-3

SWG hangers: Variance analysis on operations of U.S. producers, 2009-11, and January-June 2011-12

* * * * *

² For each of the reporting U.S. producers, certain financial records used to determine the reported data in tables VI-1 and VI-2 were examined at Commission offices. Based on this examination, several changes were made to COGS and SG&A expenses; however, this examination corroborated the reported financial data. These revisions were included in both the prehearing and final report.

³ U.S. producers' questionnaire response of ***, p. 15, and conference transcript, pp. 33-34 (Smith). At the hearing, industry witnesses further discussed certain aspects of the industrial laundry segment that make it more profitable as compared to the dry cleaning segment. Hearing transcript, p. 53 (Smith), p. 54 (Crowder), pp. 54-55 (Magnus).

⁴ Conference transcript, p. 76 (Pedelty).

⁵ Indy Hanger, M&B, and U.S. Hanger reported that *** of their total U.S. shipments in 2011 were to distributors (primarily selling to dry cleaning establishments).

⁶ A variance analysis is calculated in three parts; sales variance, cost of sales variance, and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the cost of sales and SG&A expense variance) and a volume variance. The sales or cost variance is calculated as the change in unit price times the new volume, while the volume variance is calculated as the change in volume times the old unit price. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively; and the volume variance is the sum of the lines under price and cost/expense variance. The net volume component is generally the smallest component.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

The responding firms' aggregate data on capital expenditures and research and development ("R&D") expenses are shown in table VI-4. Three firms provided capital expenditure data, and two firms provided data on R&D expenses. Capital expenditures increased from 2009 to 2010, declined from 2010 to 2011, then once again increased between the comparable interim periods. *** reported the majority of capital expenditures in 2009 and 2010, while *** reported the majority of capital expenditures in 2011 and 2012. ***'s capital expenditures include ***.⁷ In its questionnaire response, *** reported the *** in 2011 and 2012.⁸ *** of R&D expenses, and stated that such expenditures include ***.⁹

Table VI-4

SWG hangers: Capital expenditures and research and development expenses of U.S. producers, 2009-11, January-June 2011, and January-June 2012

* * * * *

ASSETS AND RETURN ON INVESTMENT

The Commission's questionnaire requested data on assets used in the production, warehousing, and sale of SWG hangers to compute return on investment ("ROI"). Data on the U.S. producers' total assets and their ROI are presented in table VI-5. From 2009 to 2011, the total assets for SWG hangers irregularly declined from \$*** million in 2009 to \$*** million in 2011, and the ROI ranged from *** percent to *** percent.

Table VI-5

SWG hangers: Asset values and return on investment of U.S. producers, 2009-11

* * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of SWG hangers to describe any actual or potential negative effects of imports of SWG hangers from Taiwan or Vietnam on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Responses provided by U.S. producers follow.

Actual Negative Effects

* * * * *

Anticipated Negative Effects

* * * * *

⁷ E-mail correspondence from ***, January 26, 2012.

⁸ U.S. producers' questionnaire response of ***, question III-9, p. 12.

⁹ E-mail correspondence from ***, January 25, 2012. At the hearing, the company official for M&B discussed capital expenditures during the period of investigation. Hearing transcript, pp. 10-11 (Magnus).

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(I)). Information on the nature of the subsidies was presented earlier in this report (if relevant); information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and 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 on nonsubject countries and the global market.

THE INDUSTRY IN TAIWAN

The petition identified 24 alleged producers and exporters of SWG hangers in Taiwan.¹ In the preliminary investigations, the Vietnamese Respondents reported that no hanger manufacturer in Taiwan had responded to their inquiries² and concluded that there is very little SWG hanger production in Taiwan.³ In addition, respondents contended that the vast majority (90 percent) of hangers imported from Taiwan are made in China and transshipped through Taiwan,⁴ which the Petitioners dispute in the postconference brief they submitted in the preliminary investigations.⁵ On the other hand, the Coalition for Enforcement of Antidumping & Countervailing Duty Orders, which includes U.S. SWG hanger manufacturer M&B, observed in 2010 that "(i)n-country investigation in Taiwan has established that steel wire garment hangers claiming country-of-origin are in fact of Chinese-origin . . ."⁶

Petitioners assert that actual SWG hanger production and capacity in Taiwan are unknown,⁷ although they estimate capacity in Taiwan to be large given the volume of imports from Taiwan.⁸ The quantity of U.S. imports of SWG hangers into the United States declined, from 331.7 million hangers in 2009 to 54.9 million hangers in 2011. Imports in January-June 2012 (901,000 hangers) were much lower than in the same period the prior year (53.2 million hangers).⁹

In these final investigations, staff issued questionnaires to 23 companies identified as potential producers or exporters of SWG hangers in Taiwan. None of the companies responded to the Commission's questionnaires. Staff also requested assistance from Taipei Economic and Cultural Representative Office ("TECRO") in the United States to ask the Taiwanese companies to respond to the Commission's questionnaire. TECRO was unable to reach any Taiwanese companies.¹⁰

¹ Petition, exh. I-6.

² Conference transcript, p. 103 (Tran).

³ Respondents' postconference brief, p. 2.

⁴ Conference transcript, p. 103 (Tran); Respondents' postconference brief, p. 6.

⁵ Petitioners' postconference brief, p. 21.

⁶ Respondents' postconference brief, exh. 1.

⁷ Petition, p. I-26.

⁸ Petitioners' postconference brief, pp.35-38.

⁹ Official Commerce statistics.

¹⁰ TECRO responded that "***." Email from ***, Taipei Economic and Cultural Representative Office in the United States, August 29, 2012.

THE INDUSTRY IN VIETNAM

The petition identified 42 alleged producers and exporters of SWG hangers in Vietnam.¹¹ Of these 42 companies, Respondents contend that only 8 are legitimate Vietnamese SWG hanger manufacturers.¹² According to Respondents in the preliminary investigations, they represent the three largest SWG hanger manufacturing companies in Vietnam: TJ Company, Ltd. (including its related producers Tan Dinh Enterprise and Infinite Industrial Hanger, Ltd.), Triloan Hanger, Inc. (“Triloan Hanger”), and Hamico (including South East Asia Hamico and Linh Sa Hamico).¹³

Petitioners assert that actual SWG hanger production and capacity in Vietnam are unknown, although they estimate capacity to be substantial based on the volume of imports from Vietnam.¹⁴ The quantity of U.S. imports of SWG hangers more than doubled from 426.6 million hangers in 2009 to 912.3 million hangers in 2011. The quantity of imports declined from 504.7 million in January-June 2011 hangers to 424.4 million hangers in January-June 2012.¹⁵ As noted in the description of the manufacturing process in Part I, Respondents contend that only powder-coated hangers may be legally manufactured in Vietnam to comply with environmental laws.¹⁶ In contrast, some responding importers reported importing painted hangers from Vietnam, as shown in table IV-5. At this time there is no known production of epoxy-coated SWG hangers in Vietnam.

During the preliminary investigation on steel wire garment hangers from China, some parties argued that steel wire garment hanger making machines were mobile and would likely be relocated to other countries, such as Vietnam, if an order were placed on imports from China. According to testimony during that investigation, Chinese producer Andrews Group stopped all Chinese production in March 2008 and began production in Vietnam at Cao Duc Clothes Hanger Co., Ltd. (“Andrews Vietnam”) in July 2008.¹⁷ After the antidumping duty order went into effect in October 2008, the Petitioners filed an anti-circumvention petition with Commerce against two companies they alleged were making hangers in China and performing minor assembly in Vietnam. The two companies were Angang (related to the Chinese Andrews Group)¹⁸ and Quyky. In its final determination, Commerce found that products from these two firms were circumventing the order on imports from China, and commerce applied the China-wide rate to all shipments of those two companies. In the process, Commerce discovered that both production and assembly were occurring at Angang’s facility in Vietnam,¹⁹ but because the hangers were

¹¹ Petition, exh. I-8.

¹² Respondents’ postconference brief, exh. 5 (***).

¹³ Conference transcript, p. 10 (Neeley). TJ companies and the Hamico companies have not submitted foreign producer/exporter questionnaire responses in the final investigations. Data from their questionnaire responses in the preliminary phase show that “there is substantial unused capacity in the Vietnamese hanger industry. *** reported that the productive capacity of *** was *** hangers during interim 2011 and that *** produced *** hangers during the same period, resulting in unused capacity of *** hangers on an annualized basis.” Petitioners’ prehearing brief, p. 33.

¹⁴ Petition, p. I-26.

¹⁵ Official Commerce statistics.

¹⁶ Conference transcript, pp. 118-119 (Lim).

¹⁷ *Steel Wire Garment Hangers from China, Inv. No. 731-TA-1123 (Final)*, USITC Publication 4034, September 2008, p. 114.

¹⁸ Conference transcript, p. 101 (Tran).

¹⁹ Conference transcript, p. 48, p. 79 and p. 81 (Waite).

commingled, Commerce applied the China-wide rate to all of Angang’s shipments.²⁰ Respondents contend that there were substantial volumes of SWG hangers originating in China that were circumventing the order or otherwise being transshipped through Vietnam.²¹ Angang and Quyky were set up by Chinese hanger producers, who imported components of hangers made in China into Vietnam and assembling the hangers in Vietnam.²²

In these final investigations, staff issued questionnaires to 14 companies identified as potential producers or exporters of SWG hangers in Vietnam. Table VII-1 lists information on the two responding Vietnamese firms in 2011. Exports to the United States by these firms were equivalent to *** percent of the official U.S. import statistics for SWG hangers from Vietnam during 2011. Responding Vietnamese producers reported that SWG hanger production was between *** and *** percent of their total sales. ***. ***. Both companies *** and ***.

Table VII-1
SWG hangers: Vietnamese firms' 2011 production, exports to the United States, and exports to the United States as a share of their production

Firm	2011 production (1,000 hangers)	2011 exports to the United States (1,000 hangers)	Exports to the United States as a share of total production (percent)
N-Tech Vina Co. Ltd.	***	***	***
Triloan Hangers Co, Ltd.	***	***	***
Total	***	***	***

Note.--Official Commerce statistics report 912,346 thousand hangers imported from Vietnam in 2011.
Source: Compiled from data submitted in response to Commission questionnaires.

Table VII-2 presents data for these two firms during 2009-11, January-June 2011, January-June 2012, and forecasts for 2012 and 2013. Reported Vietnamese capacity more than doubled and production increased by *** percent from 2009 to 2011, and capacity utilization decreased by *** percentage points.²³ In 2011, two new producers entered into production.²⁴ Exports of reporting producers in Vietnam increased from *** hangers in 2009 to *** hangers in 2011, and were *** directed to the United States.²⁵

²⁰ *Notice of Second Administrative Review of Steel Wire Garment Hangers From the People’s Republic of China: Preliminary Results and Preliminary Rescission, in Part, of the Second Antidumping Duty Administrative Review*, 76 FR 66895-66899, October 28, 2011.

²¹ Respondents’ postconference brief, p. 2.

²² An example of circumvention can be found in the strut hanger (pricing product number four). “The wire part was fully formed and painted and shipped to Vietnam in boxes from China. The strut or cardboard bar on the bottom were also made in China and put in different boxes and sent to Vietnam, and these two companies would receive those boxes, and along long tables, and we had photographs which appeared in some of the materials that you've already seen in this case, and Vietnamese workers would take the metal hanger piece from one box, the strut from the other, put them together and put them in a box and label it made in Vietnam.” Hearing transcript, pp. 70-71 (Waite).

²³ South East Asia Hamico Exports, JSC started operating in April 2008. Conference transcript, p. 109 (Trinh).

²⁴ Nam A Hamico Export Joint Stock Company, and Triloan Hanger, Inc.

²⁵ Vietnamese producers of SWG hangers identified the United States as their only export market.

Table VII-2

SWG hangers: Vietnamese production capacity, production, shipments, and inventories, 2009-11, January-June 2011, January-June 2012, and projected 2012-13

* * * * *

U.S. INVENTORIES OF SWG HANGERS FROM VIETNAM

Reported inventories of U.S. imports are presented in table VII-3. No Taiwanese inventories of SWG hangers were reported. Inventories of Vietnamese SWG hangers increased from 2009 to 2011, with the highest inventory in 2010, while the ratios of inventories to imports and to U.S. shipments of imports declined. Inventories from all other sources declined, while the ratios of inventories to imports and inventories to U.S. shipments of imports for all other sources increased. Inventories from Vietnam were much lower in January-June 2012 compared to January-June 2011, while inventories from Mexico were higher for the same period.²⁶

Table VII-3

SWG hangers: U.S. importers' end-of-period inventories of imports, by source, 2009-11, January-June 2011, and January-June 2012

* * * * *

U.S. IMPORTERS' CURRENT ORDERS

One U.S. importer, ***. Another U.S. importer, ***. *** reported that it was importing SWG hangers from Vietnam through July 2012, but did not provide the amount of imports for July.

ANTIDUMPING INVESTIGATIONS IN THIRD-COUNTRY MARKETS

One U.S. importer, ***, reported knowledge of antidumping duty orders on SWG hangers from China in the United States. No foreign producer reported knowledge of countervailing or antidumping duty orders on SWG hangers in third-country markets. No other country currently maintains antidumping duty orders on SWG hangers from Vietnam or Taiwan.²⁷

INFORMATION ON NONSUBJECT COUNTRIES

In assessing whether the domestic industry is materially injured or threatened with material injury “by reason of subject imports,” the legislative history states that “the Commission must examine all relevant evidence, including any known factors, other than the dumped or subsidized imports, that may be injuring the domestic industry, and that the Commission must examine those other factors (including non-subject imports) ‘to ensure that it is not attributing injury from other sources to the subject imports.’”²⁸

As discussed in Part IV of this report, the leading nonsubject suppliers are China (accounting for 28.7 percent of total U.S. imports of SWG hangers during 2011), Mexico (19.4 percent), Pakistan

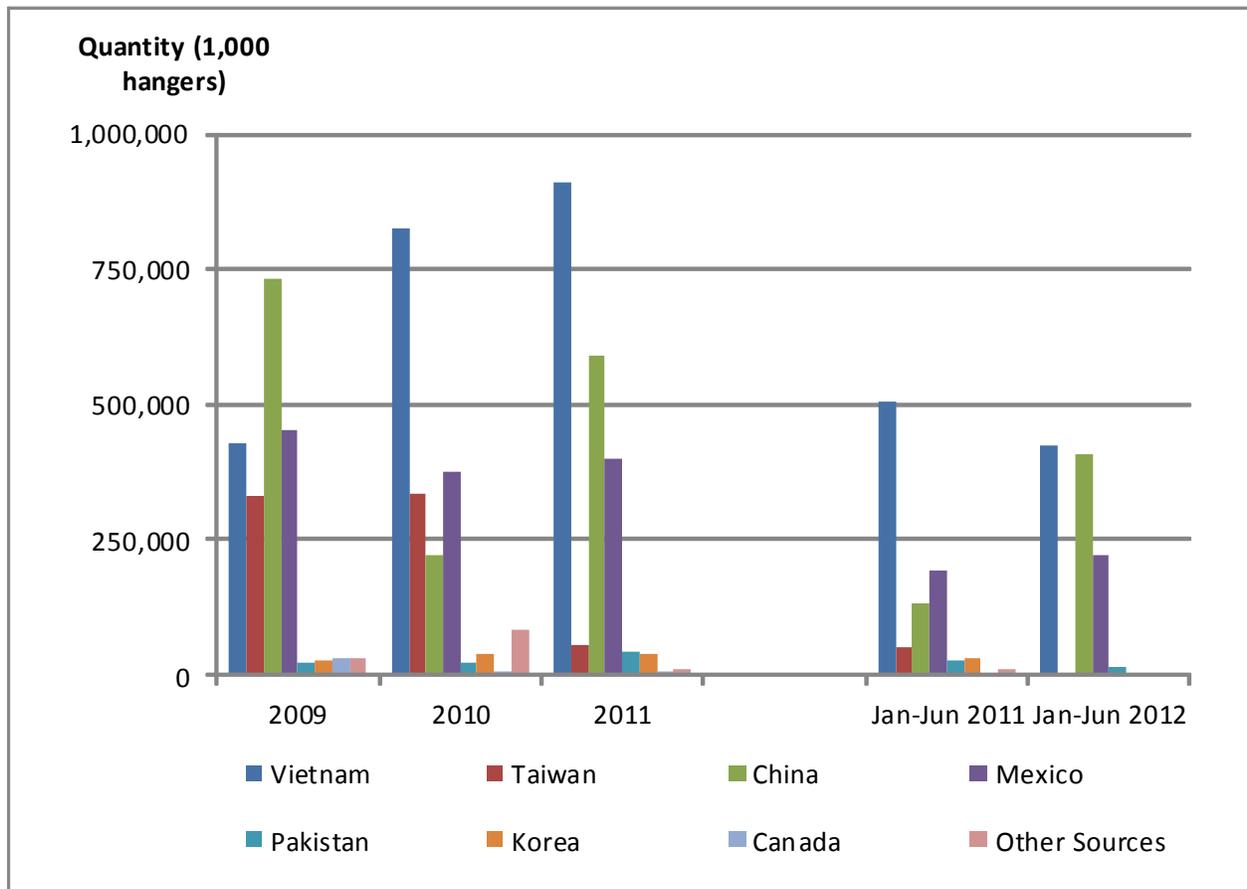
²⁶ No U.S. importer reported inventories of SWG hangers from Taiwan.

²⁷ World Bank Global Anti-dumping database (GAD), <http://econ.worldbank.org/ttbd/gad/>.

²⁸ Mittal Steel Point Lisas Ltd. v. United States, Slip Op. 2007-1552 at 17 (Fed. Cir., Sept. 18, 2008), quoting from Statement of Administrative Action on Uruguay Round Agreements Act, H.R. Rep. 103-316, Vol. I at 851-52; see also Bratsk Aluminum Smelter v. United States, 444 F.3d 1369 (Fed. Cir. 2006).

(2.1 percent), and Korea (1.8 percent) with twelve other countries accounting for the remainder of 2011 imports (figure VII-1). China and Mexico were the only substantial U.S. import sources whose average unit value for SWG hangers were lower than those from Taiwan and Vietnam over the 2009-2011 period.²⁹ The average unit values for imports from both China and Mexico were lower than the cumulated Taiwan and Vietnam average unit value in all three years. Figure VII-2 shows the average unit values of imports from Taiwan, Vietnam, China, Mexico, and all other sources during the period for which data were collected.

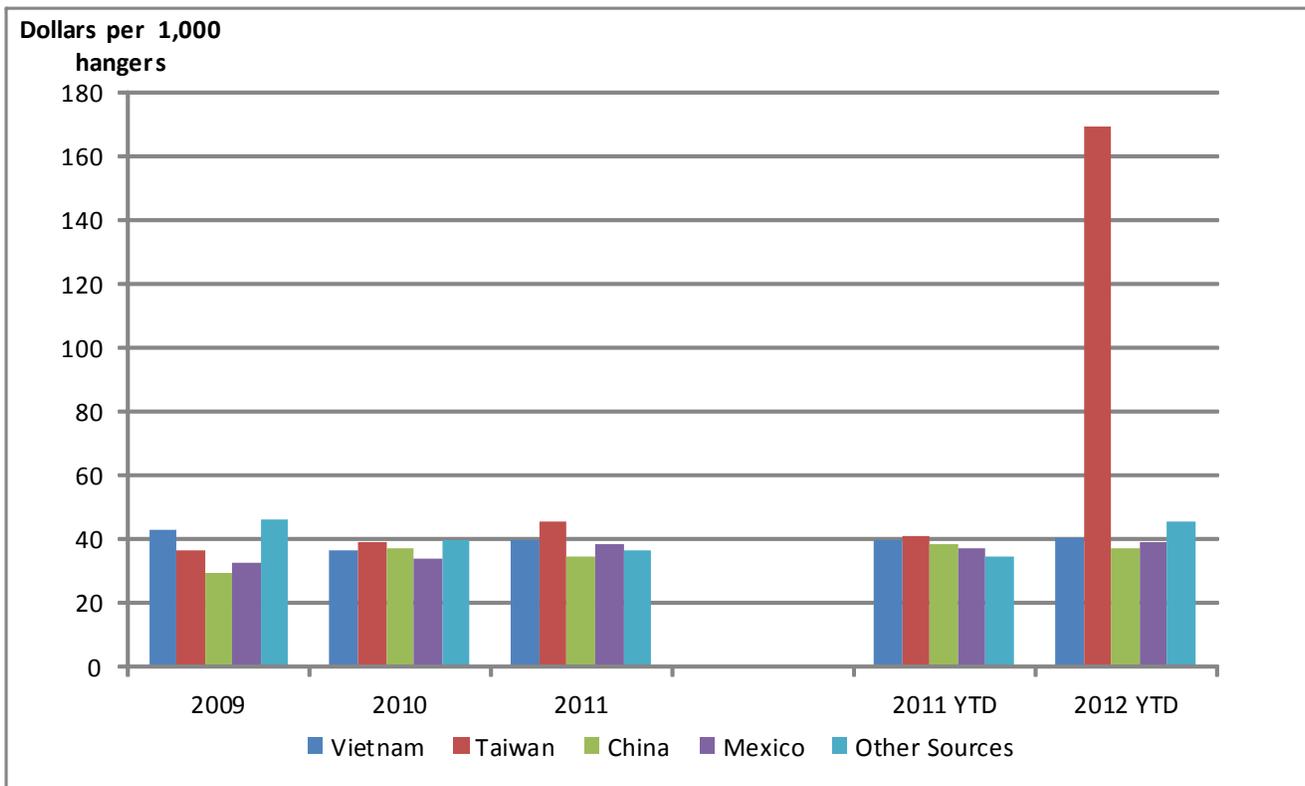
Figure VII-1
SWG hangers: U.S. imports, by sources, 2009-11, January-June 2011, and January-June 2012



Source: Compiled from official Commerce statistics.

²⁹ Bangladesh, Hong Kong, Korea, Malaysia, and Pakistan in 2009; the British Virgin Islands, Hong Kong, India, Korea, Malaysia, Mongolia, and Pakistan in 2010; and Hong Kong, Korea, Malaysia, Mongolia, and Pakistan in 2011 all had average unit values less than the cumulated average unit value of Taiwan and Vietnam. However, in none of these instances did imports account for more than 2.1 percent of total U.S. SWG imports.

Figure VII-2
SWG hangers: Average unit values of U.S. imports, by sources, 2009-11, January-June 2011, and January-June 2012



Source: Compiled from official Commerce statistics.

According to most accounts the United States is the primary market in the world for SWG hangers and therefore most exports of this product are destined for the U.S. market.³⁰ Reasons for this are that in some other markets where the cost of labor is less than the cost of SWG hangers, laundered items are folded rather than hung.³¹ In countries that do use SWG hangers in the drycleaning and industrial laundry processes, consumers, such as those in Canada, either bring their own plastic or wood hangers or recycle their used SWG hangers at a much higher rate than the United States, thereby significantly lowering national demand for this product.³²

³⁰ Hearing transcript, p. 13 (Magnus); Petitioner’s postconference brief, Exhibit 1 pp. 20-21; Staff telephone interview with, ***.

³¹ Hearing transcript, p. 123-124 (Pedelty); Plummer, Jerry and Howard Cochran, Jr., “Chinese Wire Garment Hanger Producers Sent U.S. Dry Cleaners to the Laundry,” *Journal of International Business and Cultural Studies*, January 2011, p. 6;

³² Hearing transcript, pp. 111-112 (Waite); Staff telephone interview with, ***.

China

During the investigation on SWG Hangers from China in 2008, the Petitioners identified 64 alleged Chinese producers. *** were the largest reporting Chinese producers, together accounting for approximately *** of reported Chinese SWG hanger production and exports to the United States at the time of the investigation. Most recently during Commerce's third review period initiated on November 30, 2011, nineteen Chinese companies exported SWG hangers to the United States.³³

U.S. imports from China decreased substantially over the 2008-2010 period after Commerce's antidumping duty order was issued in October 2008, only to increase during 2011 and 2012 according to official Commerce statistics. The Petitioner contends this increase was the result of a one-time reduction of the dumping duty deposit rate on hangers from China. In the first administrative review of Steel Wire Garment Hangers from China, Commerce determined that the weighted average dumping margin was 0.15 percent for Chinese exporter Shanghai Wells Hanger Co. (Shanghai Wells), the largest Chinese producer according to the Petitioner, and 1.71 percent for sixteen other Chinese exporters.³⁴ The Petitioner contends that production in Taiwan temporarily shifted back to China during this period because many of the Chinese hanger companies are related to Taiwanese hanger companies. The Petitioner is not concerned that this will be a long term trend. They anticipate production to return to Taiwan after Commerce's third administrative review because they do not expect full cooperation from the Chinese firms in the review process and therefore Commerce will re-apply the China-wide rate of 187.25 percent.^{35 36} The preliminary results of the second administrative review also found a higher 16.64 percent margin for Chinese exporter Shanghai Wells and the preliminary dumping margin of 187.25 percent for six other Chinese exporters on October 28, 2011.³⁷

Mexico

Mexico has remained a significant source of U.S. SWG hangers, accounting for between 19.4 and 22.0 percent of all U.S. SWG hanger imports by volume during 2009-2011, although the absolute quantity of hangers imported from Mexico has declined from its peak of 453 million hangers in 2009.³⁸ M&B Hangers established a SWG hanger production plant in Piedras Negras, Mexico in 1999 and recently ***.³⁹ Reported imports from the Petitioner's Mexican operations accounted for *** percent of total U.S. SWG hanger imports from Mexico in 2011, according to Commerce statistics. In 2008, M&B identified five producers of SWG hangers in Mexico: Productos de Alambre S.A. (PASA); Clavos

³³ Petitioner's postconference brief, p.19.

³⁴ Petitioner's postconference brief, exh. 8.

³⁵ Conference transcript, p. 55 (Waite).

³⁶ Of note, Commerce issued a partial rescission of the third antidumping duty administrative review after the Petitioner withdrew its request for review of six Chinese SWG hanger exporters on February 28, 2012. Three Chinese SWG hanger exporters also withdrew their requests on the same day. 77 FR 40853. According to the Petitioners, the reason for the withdrawal was that those six Chinese SWG hanger companies had not exported to the United States during the POI. Hearing transcript, p. 96 (Waite).

³⁷ Petition, p. 33.

³⁸ Official Commerce statistics for HTS item 7326.20.0020.

³⁹ M&B's producer questionnaire response, section II-2.

Nacionales S.A.; Diamante 2000; Ganchos El Cedro S. A.; and Hangarme.⁴⁰ Clavos Nacionales S.A. was identified from their website as still producing SWG hangers.⁴¹

In 2011, a Mexican businessman was convicted of transshipping Chinese-made SWG hangers through Mexico to the United States. The hangers would first enter Mexico where the box labels were changed to “Made in Mexico.” The product was then imported into the United States by either of two companies, Proveedoras de Limpiaduria de Tijuana or Huizar Cleaner de Mexico.⁴² ***.⁴³

⁴⁰ *Steel Wire Garment Hangers from China, Inv. No. 731-TA-1123 (Final)*, USITC Publication 4034, September 2008, p.113.

⁴¹ From Clavos Nacionales Website, http://www.c-n.com.mx/historia_clavos-nacionales.php, retrieved September 26, 2012.

⁴² Petitioner’s posthearing brief, exh. 13.

⁴³ Petitioner’s posthearing brief, pp. 20-21.

APPENDIX A
***FEDERAL REGISTER* NOTICES**

Certain Steel Wire Garment Hangers From the Socialist Republic of Vietnam: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination. 77 FR 32930, June 4, 2012.

<http://www.gpo.gov/fdsys/pkg/FR-2012-06-04/pdf/2012-13474.pdf>

Steel Wire Garment Hangers From the Socialist Republic of Vietnam: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination. 77 FR 46044, August 2, 2012.

<http://www.gpo.gov/fdsys/pkg/FR-2012-08-02/pdf/2012-18905.pdf>

Steel Wire Garment Hangers From Taiwan and Vietnam; (Corrected Notice) Scheduling of the Final Phase of Countervailing Duty and Antidumping Investigations. 77 FR 50713, August 22, 2012.

<http://www.gpo.gov/fdsys/pkg/FR-2012-08-22/pdf/2012-20625.pdf>

Steel Wire Garment Hangers From the Socialist Republic of Vietnam: Preliminary Affirmative Determination of Critical Circumstances in the Antidumping Duty Investigation. 77 FR 51514, August 24, 2012. <http://www.gpo.gov/fdsys/pkg/FR-2012-08-24/pdf/2012-20911.pdf>

Steel Wire Garment Hangers From Taiwan: Final Determination of Sales at Less Than Fair Value. 77 FR 62492, October 15, 2012. <http://www.gpo.gov/fdsys/pkg/FR-2012-10-15/pdf/2012-25291.pdf>

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 Taiwan and Vietnam
Inv. Nos.: 701-TA-487 and 731-TA-1197-1198 (Final)
Date and Time: October 24, 2012 - 9:30 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, D.C.

OPENING REMARKS:

Petitioners (**Frederick P. Waite**, Vorys, Sater, Seymour and Pease LLP)
Respondents (**Stephen W. Brophy**, Barnes, Richardson & Colburn)

In Support of the Imposition of Antidumping and Countervailing Duty Orders:

Vorys, Sater, Seymour and Pease LLP
Washington, D.C.
on behalf of

M&B Metal Products Company, Inc.
Innovative Fabrication LLC/Indy Hanger
US Hanger Co., LLC

Milton M. Magnus, III, President, M&B Metal Products
Company, Inc.

Steven M. Pedelty, Sales Manager, M&B Metal Products
Company, Inc.

Roger Crowder, President, Innovative Fabrication LLC/
Indy Hanger

Walter Smith, Vice President, Innovative Fabrication
LLC/Indy Hanger

Robbie L. Freeman, President, Phenix Supply Company

**In Support of the Imposition of
Antidumping and Countervailing Duty Orders (continued):**

Dr. Patrick Magrath, Economic Consultant, Macgrath
& Otis LLC

Frederick P. Waite)
) – OF COUNSEL
Kimberly R. Young)

**In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:**

Barnes, Richardson & Colburn
Washington, D.C.
on behalf of

H2I2 Dry Cleaning Supply, Inc.
Tan Dinh Enterprise
Infinite Industrial Hanger, Ltd.

Stephen W. Brophy) – OF COUNSEL

REBUTTAL/CLOSING REMARKS:

Petitioners (**Frederick P. Waite**, Vorys, Sater, Seymour and Pease LLP)
Respondents (**Stephen W. Brophy**, Barnes, Richardson & Colburn)

APPENDIX C
SUMMARY DATA

Table C-1
SWG hangers: Summary data concerning the U.S. market, 2009-11, January-June 2011, and January-June 2012

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			
	2009	2010	2011	January-June 2011	January-June 2012	2009-11	2009-10	2010-11	Jan.-Sept. 2011-12
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
Taiwan	***	***	***	***	***	***	***	***	***
Vietnam	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
China (non-subject)	***	***	***	***	***	***	***	***	***
All Other sources	***	***	***	***	***	***	***	***	***
Subtotal (non-subject)	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
Taiwan	***	***	***	***	***	***	***	***	***
Vietnam	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
China (non-subject)	***	***	***	***	***	***	***	***	***
All Other sources	***	***	***	***	***	***	***	***	***
Subtotal (non-subject)	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
Taiwan:									
Quantity	331,678	334,145	54,899	53,212	901	-83.4	0.7	-83.6	-98.3
Value	12,102	13,052	2,501	2,195	153	-79.3	7.9	-80.8	-93.0
Unit value	\$36.49	\$39.06	\$45.56	\$41.25	\$169.63	24.9	7.1	16.6	311.2
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Vietnam:									
Quantity	426,551	823,897	912,346	504,697	424,392	113.9	93.2	10.7	-15.9
Value	18,316	30,194	36,243	19,973	17,164	97.9	64.9	20.0	-14.1
Unit value	\$42.94	\$36.65	\$39.73	\$39.57	\$40.44	-7.5	-14.7	8.4	2.2
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal:									
Quantity	758,229	1,158,042	967,245	557,909	425,293	27.6	52.7	-16.5	-23.8
Value	30,417	43,246	38,744	22,168	17,317	27.4	42.2	-10.4	-21.9
Unit value	\$40.12	\$37.34	\$40.06	\$39.73	\$40.72	-0.1	-6.9	7.3	2.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***
China (non-subject):									
Quantity	733,871	220,001	588,917	132,004	408,835	-19.8	-70.0	167.7	209.7
Value	25,878	9,763	23,804	5,924	17,541	-8.0	-62.3	143.8	196.1
Unit value	\$35.26	\$44.38	\$40.42	\$44.88	\$42.90	14.6	25.8	-8.9	-4.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	566,335	528,400	499,215	261,823	246,240	-11.9	-6.7	-5.5	-6.0
Value	20,438	19,725	19,739	10,080	9,978	-3.4	-3.5	0.1	-1.0
Unit value	\$36.09	\$37.33	\$39.54	\$38.50	\$40.52	9.6	3.4	5.9	5.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal (non-subject):									
Quantity	1,300,206	748,400	1,088,132	393,827	655,075	-16.3	-42.4	45.4	66.3
Value	46,316	29,488	43,542	16,004	27,519	-6.0	-36.3	47.7	71.9
Unit value	\$35.62	\$39.40	\$40.02	\$40.64	\$42.01	12.3	10.6	1.6	3.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	2,058,434	1,906,443	2,055,377	951,737	1,080,369	-0.1	-7.4	7.8	13.5
Value	76,733	72,734	82,287	38,172	44,835	7.2	-5.2	13.1	17.5
Unit value	\$37.28	\$38.15	\$40.03	\$40.11	\$41.50	7.4	2.3	4.9	3.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers':									
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/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)	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) 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
NONSUBJECT COUNTRY PRICE DATA

Nonsubject Price Comparisons

Table D-1 compares quarterly prices of nonsubject imports from China¹ and Mexico with U.S. producer prices and prices for imports from Taiwan and Vietnam for products 1-5 during January 2009-June 2012.

Table D-1

SWG hangers: Number of quarterly price comparisons of imported nonsubject and U.S. products 1-5 imported nonsubject and Chinese products 1-5

* * * * * * *

Figure D-1 presents prices and shipment quantities for each of the five products.

Figure D-1

SWG hangers: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2009-June 2012

* * * * * * *

¹ The largest importer of SWG hangers from China, ***.

