

UNITED STATES INTERNATIONAL TRADE COMMISSION

In the Matter of:)
) Investigation Nos.:
STEEL WIRE GARMENT HANGERS) 701-TA-487 and
FROM TAIWAN AND VIETNAM) 731-TA-1197-1198 (Final)

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Tuesday,
 October 24, 2012

Main Hearing Room
 U.S. International Trade
 Commission
 500 E Street, S.W.
 Washington, D.C.

The hearing commenced, pursuant to notice, at
 9:31 a.m., before the Commissioners of the United States
 International Trade Commission, the Honorable IRVING A.
 WILLIAMSON, Chairman, presiding.

APPEARANCES:

On Behalf of the International Trade Commission:Commissioners:

IRVING A. WILLIAMSON, CHAIRMAN (presiding)
 DANIEL R. PEARSON, COMMISSIONER
 SHARA L. ARANOFF, COMMISSIONER
 DEAN A. PINKERT, COMMISSIONER
 DAVID S. JOHANSON, COMMISSIONER
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 CHARLES ST. CHARLES, Attorney
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APPEARANCES: (Cont'd)

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

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, Innovation
Fabrication LLC/Indy Hanger
ROBBIE L. FREEMAN, President, Phenix Supply
Company
DR. PATRICK MAGRATH, Economic Consultant,
Magrath & Otis LLC

FREDERICK P. WAITE, Esquire, Of Counsel
KIMBERLY R. YOUNG, Esquire, Of Counsel
Vorys, Sater, Seymour and Pease LLP
Washington, D.C.

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

On Behalf of H2I2 Dry Cleaning Supply, Inc.,
Tan Dinh Enterprise, Infinite Industrial
Hanger, Ltd. :

STEPHEN W. BROPHY, Esquire, Of Counsel
Barnes, Richardson & Colburn
Washington, D.C.

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1 Speakers are reminded not to refer in their
2 remarks or answers to questions to business
3 proprietary information. Please speak clearly into
4 the microphone and state your name for the record and
5 for the benefit of the court reporter. Finally, if
6 you will be submitting documents that contain
7 information you wish classified as business
8 confidential, your request should comply with
9 Commission Rule 201.6.

10 Mr. Secretary, are there any preliminary
11 matters?

12 MR. BISHOP: Mr. Chairman, I would note that
13 all witnesses for today's hearing have been sworn.
14 There are no other preliminary matters.

15 CHAIRMAN WILLIAMSON: Okay. Thank you.
16 Very well. Let's begin with opening remarks.

17 MR. BISHOP: Opening remarks on behalf of
18 Petitioners will be by Frederick P. Waite, Vorys,
19 Sater, Seymour and Pease.

20 CHAIRMAN WILLIAMSON: Okay. Welcome, Mr.
21 Waite.

22 MR. WAITE: Thank you, Mr. Chairman and
23 members of the Commission. Again, my name is Fred
24 Waite with the firm of Vorys, Sater, Seymour and
25 Pease. I'm here today on behalf of the Petitioners in

1 this case who represent the U.S. industry producing
2 steel wire garment hangers.

3 Imports of garment hangers from Taiwan and
4 Vietnam have devastated the U.S. market and they are
5 causing material injury to the U.S. hanger industry.
6 The volume of hanger imports from the subject
7 countries literally exploded following the imposition
8 of an antidumping order on hangers from China in
9 October 2008. In 2009, the beginning of the period of
10 investigation, subject imports from Taiwan and Vietnam
11 totaled 760 million hangers, and they continued to
12 increase. By 2011, imports from both countries
13 totaled almost one billion hangers. At the same time,
14 the low prices of hangers from Taiwan and Vietnam
15 consistently and significantly undersold hangers made
16 in the United States, resulting in depressed, and
17 suppressed, prices for the American industry.

18 Numerous examples of lost sales and lost
19 revenues have been submitted by the U.S. industry and
20 they were overwhelmingly confirmed by purchasers who
21 noted that they often switch sources from U.S.
22 producers to subject imports because of low prices.
23 In addition, U.S. purchasers reported that American
24 hanger producers often dropped their prices in order
25 to compete with imports from Taiwan and Vietnam.

1 This surge of low priced imports from Taiwan
2 and Vietnam resulted in deep financial losses for the
3 domestic industry throughout the period of
4 investigation. The industry operated in the red each
5 year from 2009 through 2011 and during interim 2012 as
6 the result of severely depressed pricing and low
7 operating rates caused by subject imports. Although
8 several new U.S. companies entered the hanger industry
9 after the dumping order on China, a number of them
10 were quickly driven out by the onslaught of unfairly
11 traded imports from Taiwan and Vietnam.

12 The U.S. Commerce Department's
13 investigations have shown the extent to which hangers
14 from Taiwan and Vietnam are unfairly traded. Commerce
15 has determined final dumping margins for hangers from
16 Taiwan between 70 and 125 percent. For Vietnam,
17 Commerce found preliminary subsidy margins of 11 to 21
18 percent, and it calculated preliminary dumping margins
19 between 135 and 187 percent. We expect that Commerce
20 will increase these margins when it issues its final
21 determinations due to the refusal of some companies to
22 cooperate in the investigations.

23 The record of this case shows that Taiwan
24 and Vietnam dramatically expanded their capacity to
25 produce hangers throughout the period of

1 investigation. They shipped large and increasing
2 volumes of dumped and subsidized hangers to the U.S.
3 market, virtually the only market for all of the
4 hangers produced by these two countries. The domestic
5 hanger industry has lost sales, lost revenues and lost
6 customers, resulting in anemic capacity utilization
7 levels and even worse financial performance.

8 Subject imports from Taiwan and Vietnam have
9 caused material injury to this beleaguered American
10 industry and they will continue to cause further
11 injury to the domestic industry unless relief is
12 granted pursuant to our trade laws. Thank you very
13 much.

14 CHAIRMAN WILLIAMSON: Thank you.

15 MR. BISHOP: Opening remarks on behalf of
16 Respondents will be by Stephen W. Brophy, Barnes,
17 Richardson & Colburn.

18 CHAIRMAN WILLIAMSON: Welcome, Mr. Brophy.

19 MR. BROPHY: Thank you, Mr. Chairman,
20 Commissioners. My name is Stephen Brophy, Barnes,
21 Richardson & Colburn. I'm appearing today before you
22 on behalf of H2I2 Dry Cleaning Supply, Inc., Tan Dinh
23 Enterprise and Infinite Industrial Hanger. H2I2 was a
24 U.S. importer of the subject merchandise and Tan Dinh
25 and Infinite were Vietnamese producers of the subject

1 merchandise. My presentation today will be solely on
2 critical circumstances. It will be relatively brief.
3 I have a whole hour to do it, so I will save the
4 substance until later. In short, we believe the
5 Commission should reach a negative determination with
6 respect to critical circumstances. Thank you very
7 much.

8 CHAIRMAN WILLIAMSON: Thank you. Okay. Mr.
9 Secretary, will you please call the first panel.

10 MR. BISHOP: Will the first panel, those in
11 support of the imposition of antidumping and
12 countervailing duty orders, please come forward and be
13 seated.

14 CHAIRMAN WILLIAMSON: Okay. You may begin
15 when you're ready.

16 MR. WAITE: Thank you again, Mr. Chairman.
17 Again, for the record, my name is Fred Waite on behalf
18 of the domestic industry. Our first witness today
19 will be Mr. Milton Magnus.

20 MR. MAGNUS: Good morning. I am Milton M.
21 Magnus, III, President of M&B Metal Products Company,
22 Inc. This is the fifth time I have come to Washington
23 to testify before the Commission on behalf of the U.S.
24 hanger industry. The first time was nine years ago in
25 connection with the Section 421 case on hangers from

1 China. Then there was the antidumping investigation
2 of Chinese hangers in 2007 and 2008. Earlier this
3 year I was back again for the staff conference in this
4 case. I like visiting our nation's capital, but I'm
5 sure that you will understand that I would prefer not
6 to be here. I would rather be back in Alabama
7 producing more hangers or visiting customers to
8 increase our sales.

9 As long as unfairly traded hangers continue
10 to be imported in the United States, causing serious
11 financial harm to my company and to other American
12 hanger producers, I will be fighting. I will be here
13 because this is the right thing to do for my company
14 and our workers, and it's the right thing to do for my
15 family, which has been producing hangers for four
16 generations in the Leeds-Birmingham area. Next year
17 we will be celebrating our seventieth year.

18 M&B makes hangers in our plant in Leeds,
19 Alabama, and also at our other facility in Mexico.
20 When I testified in the China case I told the
21 Commission that if we received relief we would ramp up
22 our U.S. production, restart idled machinery. We did
23 see some improvements in the market just after the
24 antidumping order was issued on Chinese hangers in
25 2008. As a result of that case, we invested in a new

1 paint line in Leeds in anticipation of increased
2 output. That investment cost almost a half a million
3 dollars. We also built a new machine for caped
4 hangers and reconditioned, or repositioned, other
5 machines that could expand our production and meet our
6 customers' needs.

7 After the order on China, other American
8 companies began producing hangers in the United States
9 such as Indy Hanger in Indiana and US Hanger in
10 California. Both of them are Petitioners in this
11 case. There were others who also started making
12 hangers, like Eagle Hangers in Texas, Great Plains
13 Hanger in Nebraska, Platinum Hanger in Delaware. It
14 seemed that the American hanger industry was making a
15 come back, which I believe is the purpose for
16 enforcing our trade laws.

17 The ink had hardly dried on the dumping
18 order against China when Taiwan and Vietnam, which had
19 never been in the U.S. market before, started shipping
20 huge quantities of hangers at prices equal to, or less
21 than, the low China price. Great Plains and Platinum
22 Hanger have both shut down, and Shanti Industries,
23 another U.S. hanger producer that had increased
24 production around the same time as the China case,
25 filed for bankruptcy and closed up shop.

1 Let me review with you the current state of
2 my company and then the U.S. hanger industry
3 generally. As I mentioned, M&B invested in new
4 equipment at our Leeds plant because we thought that
5 the order on unfairly traded hangers from China would
6 restore a level playing field. We wanted to expand
7 our production and employment in Alabama and produce
8 hangers profitably in the United States. We knew that
9 efficient and dedicated American hanger producers,
10 like M&B, would be able to serve the market. However,
11 low priced and subsidized hangers from Vietnam and
12 Taiwan flooded into the United States.

13 From zero imports in 2007, Vietnam shipped
14 more than 425 million hangers to the U.S. in 2009 and
15 almost a billion -- yes, that's billion, with a *B* --
16 in 2011. These hangers were priced below our cost of
17 materials and they were aggressively sold at lower and
18 lower prices. Our distributor customers told us that
19 they had to have these low prices to compete with
20 other distributors selling these dumped hangers. Many
21 of these customers switched to imported hangers.

22 It was the same story with Taiwan.
23 Together, Taiwan and Vietnam pushed huge quantities of
24 low priced subject hangers in the market after 2008.
25 Imports from Taiwan increased from nominal quantities

1 to more than 300 million hangers in both 2009 and
2 2010.

3 What has been the effect of this surge of
4 unfairly priced hangers in the U.S. market? We, and
5 other American hanger producers, have lost sales and
6 customers and we often were forced to drop our prices
7 significantly in order to keep the business we had.
8 My company submitted to the Commission numerous
9 examples of these lost sales and lost revenues caused
10 by imported hangers from Vietnam and Taiwan. These
11 examples have largely been confirmed by our customers.

12 As a result, instead of increasing our sales
13 and adding new workers to our payroll in Leeds, we
14 were forced to resort to voluntary lay offs and we
15 have not replaced some workers that have left. These
16 were good jobs with healthcare and other good benefits
17 for hard working Americans. We have fewer employees
18 today than we did in 2009.

19 Dozens of companies in Vietnam and Taiwan
20 have exported hangers to the United States, which is
21 the largest market in the world for this product. To
22 my knowledge, no other country consumes even a
23 fraction of the number of hangers used in the United
24 States every year by dry cleaners and industrial
25 laundries.

1 As I mentioned earlier, M&B maintains a
2 plant in Mexico which we opened back in 1999. It's a
3 good thing, too. It allowed us to continue serving
4 some U.S. customers, despite very low priced hangers
5 from Vietnam and Taiwan. Our associates in Alabama
6 are glad we opened the plant because they know if it
7 had not been for the plant in Mexico these past few
8 years, they would be like many former U.S. workers in
9 the hanger industry, unemployed.

10 As a result of this case, we hope to obtain
11 relief so we can ramp up our U.S. production. This is
12 our goal, and we will do just that if we are
13 successful. Just this year after we filed our case,
14 and in hope of relief, we have made substantial
15 investments in new wire straightener equipment, as
16 well as a new paint line that is still under
17 construction. All of this equipment is located at our
18 Leeds plant. To become more efficient, we invested in
19 a Lean Manufacturing consultant to help us with our
20 processes.

21 Just recently, we hired a young engineer who
22 has completed his MBA, as well as obtaining his
23 Master's in mechanical engineering. He will bring new
24 ideas, as well as new technology, to our company. We
25 are also in the process of forming a partnership with

1 the University of Alabama in Tuscaloosa to help us in
2 our design of existing machinery, bringing new
3 technology to help us become even more efficient. All
4 of this is in our plant in Alabama. We are investing
5 in our future. Although our processes and equipment
6 are much more efficient than what I have seen in Asia,
7 we know we must continually invest to make a better
8 hanger at a lower price.

9 We have excess capacity and idle machinery
10 at our factory in Alabama that we could easily use to
11 increase our output in a relatively short period of
12 time. Moreover, as we have seen, there are
13 entrepreneurs throughout the United States who have
14 shown that they can get into the business very quickly
15 if only they can be assured that the market is fair.

16 In Leeds we produce only hangers, and our
17 equipment can only be used to make hangers. This is
18 the same with other hanger producers here, in the
19 United States, and overseas. We, and the other U.S.
20 producers, cannot retool our machinery and workers to
21 make other products. We also know that the producers
22 in Vietnam and Taiwan will continue to use their huge
23 capacity to make only hangers and the United States is
24 the target market for them.

25 We have brought with us today samples of

1 different types of hangers that were selected as
2 pricing products in this investigation. All the types
3 of hangers that you see displayed on the board are
4 being imported into the United States from Vietnam and
5 Taiwan, the board is over on my right, your left.

6 The first is an 18 inch shirt hanger. The
7 18 inch refers to the length of the bottom bar of the
8 hanger. Shirt hangers come in a variety of colors,
9 such as black, blue, red, gold and white, and they're
10 used primarily for dry cleaning common dress shirts or
11 casual shirts. Shirt hangers are one of the three
12 most common products, hangers used in the dry cleaning
13 industry.

14 Products two and three are varieties of
15 caped hangers. The standard cape hanger is 16 inches
16 in length across the bottom bar. The hangers are
17 generally painted in a gold tone, and a paper cover,
18 or cape, is either plain white, like product two, or
19 printed with a custom design or stock design, like
20 product three. During the past two years, M&B
21 produced pink caped hangers to support the fight
22 against cancer. Caped hangers are also one of the
23 most common types of dry cleaning hangers.

24 The third most common dry cleaning hanger is
25 a strut hanger. This is product four on the board.

1 A strut hanger has a tube along the bottom bar which
2 is usually 16 inches long. Most tubes have a latex
3 coating so that when your dry cleaner places your
4 pants over the bottom bar, they won't slip off.

5 The last product, product five, is a latex,
6 or industrial, hanger. These hangers are used by
7 companies who supply rental uniforms. After the
8 clothes come out of the industrial washer, they are
9 placed on a latex hanger, sent through a steam tunnel
10 to steam out the wrinkles, and then a heat cabinet to
11 dry. These companies use high speed conveyors and
12 sorting systems in their process so the hangers must
13 be uniform in size and consistent quality. These
14 hangers are called latex hangers because the bottom
15 bar of the hanger is coated with a latex coating to
16 secure the pants on the hanger.

17 I would like to make one final comment which
18 is often overlooked in these cases. Besides M&B's
19 workers, who will be directly affected by this case,
20 we buy American made paper and cardboard products,
21 American made paint, American made steel rod, American
22 made packing boxes and other goods and services
23 supplied by many small companies right here, in the
24 USA. If we do not get meaningful relief, fewer
25 hangers will be made in the United States and everyone

1 in our supply chain will suffer. Thank you, and I
2 will be happy to answer any questions that you may
3 have.

4 MR. WAITE: Thank you, Milton. Our next
5 witness is Mr. Walt Smith of Indy Hanger.

6 MR. SMITH: Good morning. My name is Walt
7 Smith. I'm Vice President of Innovative Fabrications,
8 LLC. We are doing business in the hanger market as
9 Indy Hanger. My partner, Roger Crowder, and I set up
10 Indy Hanger in Indianapolis, Indiana in 2008 after the
11 antidumping case against hangers from China. We
12 thought that there was a real opportunity in this
13 market to supply customers with hangers made in the
14 USA.

15 Roger and I became partners in 2007. Roger
16 had a company called Innovative Automation which
17 serviced metal fabrication equipment, and I had been
18 running my own construction company prior to that, but
19 I was ready for a new challenge. Together, we
20 purchased the assets of a company with some excess
21 equipment and we set up Innovative Fabrication and
22 began producing flat sheet metal parts.

23 The idea to begin manufacturing hangers
24 actually came from a part-time sales guy who worked
25 for a local distributor. They were expecting a hanger

1 shortfall as a result of the antidumping case against
2 China and they suggested that we set up production to
3 supply hangers to them, so we bought some equipment
4 and opened our hanger plant in October 2008. We moved
5 to a new location with more space in June 2010, and
6 since then we have expanded our space and added new
7 machinery.

8 At Indy Hanger we produce only galvanized
9 steel wire hangers, and we sell them nationwide. I
10 brought along some samples this morning. As you can
11 see, these hangers look like your ordinary everyday
12 hanger, except they have a shiny silver finish. That
13 is the zinc coating on the wire. We buy galvanized
14 wire, that is, wire that is coated with zinc, and we
15 form the hangers from the wire.

16 Some consider our hangers to be a green
17 product. First, the zinc coating on the wire means
18 that our hangers won't rust. We don't paint our
19 hangers so we do not have any of the environmental
20 issues with paint lines and disposal. However,
21 painted hangers still account for the majority of
22 hangers in the U.S. market and we do compete with
23 painted hangers, both U.S. made and imported. In the
24 market, the key factor for our customers is price, as
25 long as the hanger meets their requirements.

1 We are also proud to say that we buy all of
2 our galvanized wire from U.S. wire producers. We do
3 not buy imported wire for our hanger production, and
4 we sell only U.S. made hangers, never imported
5 hangers.

6 Our production process is comparable to
7 other hanger producers both in the United States and
8 overseas. We know that some U.S. hanger producers
9 draw wire from rod while others, like us, start with
10 the wire, but the process of forming hangers is still
11 basically the same. We have equipment that takes the
12 wire from a spool, straightens it, cuts it and forms
13 it all in one continuous process.

14 Currently, we sell all of our hangers to
15 customers in the uniform rental and industrial laundry
16 business. It is very important to these customers
17 that the garments not slide around on the hangers so
18 most of our hangers are coated with latex. The latex
19 gives the surface of the hanger a slightly sticky feel
20 that keeps the garments from sliding around. Our
21 latex process is a dipping system. The formed hangers
22 are dipped into a vat of liquid latex, and then the
23 hangers are heated in an oven to dry. Although most
24 of our production is industrial hangers, we still
25 produce some dry cleaning hangers, but they are for

1 our industrial customers who use them for their
2 executive shirts.

3 When we first started in the hanger business
4 we tried selling hangers to the dry cleaning market
5 but the pricing was so low because of import pressure
6 that we couldn't afford to put the steel in the box.
7 There was no profit margin at all so we decided to
8 focus on the industrial market, but imports have been
9 driving prices down in the industrial hanger market
10 also and our margins have been shrinking.

11 We are competing against U.S. manufacturers,
12 like Eagle Hangers, and U.S. distributors, like United
13 Wire. Eagle Hangers produces hangers in Texas, but
14 they also sell hangers imported from Vietnam. We
15 understand that United Wire is getting their hangers
16 from Vietnam also. For the first time, last year we
17 heard that galvanized hangers are starting to be
18 imported into the United States.

19 Demand continues to be strong and we want to
20 continue to invest in additional machinery, which
21 would mean more employment for our company, but, as I
22 mentioned, we are seeing depressed pricing due to low
23 priced imports in the market. Some of the companies
24 selling imported hangers are offering ridiculously low
25 prices that barely cover the cost of the steel. It is

1 not unusual for a customer to tell us that we have to
2 meet those low prices in order to keep their business.

3 If we are forced to drop our hanger prices to such
4 low levels, we won't make any margin at all, and we
5 won't be able to continue investing and building our
6 company.

7 Thank you. Roger and I look forward to
8 answering any questions you might have.

9 MR. WAITE: Thank you, Walt. Our next
10 witness is Steve Pedelty of M&B Metal Products.

11 MR. PEDELTY: Good morning. My name is
12 Steve Pedelty and I sell steel wire garment hangers
13 for M&B Metal Products. My experience in the garment
14 hanger industry spans almost 30 years, and I have
15 worked for four U.S. hanger companies during that
16 time. Two of those companies no longer exist, and a
17 third company stopped making hangers in the United
18 States more than six years ago.

19 The hanger market consists of two main
20 groups of customers. The first customer segment is
21 the industrial laundry or uniform rental industry
22 which use hangers in their operations of washing,
23 delivery and renting of clothes for various
24 industries. Their customers include automobile
25 assembly plants, steel mills, car dealerships, UPS and

1 even M&B. The people who wear these rented clothes
2 could be production workers, mechanics, hospital
3 staff, supervisors and airline employees, just to name
4 a few.

5 The second customer segment is the dry
6 cleaning distribution business. These distributors
7 buy hangers for resale to local dry cleaners
8 throughout the country. This is a segment of the
9 business that is familiar to most Americans.

10 My first job as a hanger salesman began in
11 May of 1982 when I joined Cleaners Hanger Company. At
12 the time, Cleaners Hanger, or CHC, was the largest
13 producer of garment hangers in the United States and
14 the world. In 2002, I was promoted to vice president
15 of sales for CHC which operated manufacturing plants
16 in six states. During this time, CHC made, and sold,
17 more than 1.5 billion hangers a year and I was
18 responsible for marketing the company's hangers to
19 customers throughout the country. I supervised the
20 sales force and I met personally with many of the key
21 accounts. However, CHC filed for bankruptcy in late
22 2003 and everyone lost their jobs, including me.

23 In January 2004, I joined another American
24 hanger producer, Nagel Hanger, and I was the company's
25 vice president of sales. Nagel was making hangers in

1 both Texas and Mexico when I joined the company. As
2 their only salesman, I called on all of the customers
3 nationwide. I left Nagel in March of 2004, and the
4 company stopped hanger production in the United States
5 and Mexico later that year.

6 After leaving Nagel I went to work as a
7 salesman for United Wire Hanger, which produced
8 hangers at its plant in New Jersey. My sales
9 territory covered primarily the southeastern United
10 States, but my responsibilities also included key
11 accounts in Minnesota and California. United shut
12 down its U.S. production entirely in June of 2006.

13 For the past seven years I've been working
14 with M&B Hangers of Leeds, Alabama, where I am a sales
15 representative for the company. During my many years
16 as a hanger salesman I have called on, met and gotten
17 to know almost all of the key people buying hangers in
18 the United States in both the uniform rental and
19 industrial laundry industry and in the dry cleaning
20 industry. I also regularly attend many of the trade
21 shows, conventions and other meetings sponsored by the
22 trade associations serving the textile care industry.

23 When I began my career in the hanger
24 business the U.S. market was served almost exclusively
25 by a large and diverse American industry. Our

1 industry was efficient and provided the full range of
2 hangers at competitive prices. However, low priced
3 hangers from China began to enter the U.S. market and
4 by 2005, China was exporting more than a billion
5 hangers a year to the United States.

6 The U.S. industry filed an antidumping case
7 in 2007 and a dumping order was issued in 2008. At
8 first, the effect of the order was positive.
9 Unfortunately, these positive effects were short-
10 lived. Low priced hangers from Taiwan and Vietnam
11 came into the market and they had a devastating impact
12 on the American industry.

13 The flood of hangers from these two
14 countries is not a result of a better product or
15 superior service. There are a few quality differences
16 between American hangers and imported hangers, I'm
17 sorry, there are few quality differences between
18 American hangers and imported hangers from Taiwan or
19 Vietnam. If anything, U.S. producers are more prompt
20 in responding to customer needs, and we offer more
21 consistent quality than imports.

22 In my experience, customers make their
23 purchasing decisions almost entirely on the basis of
24 price. Here, the hangers from Taiwan and Vietnam have
25 a decisive advantage. When I was preparing my

1 testimony for this hearing, I looked back at M&B sales
2 data and I saw the large amount of sales dollars that
3 we have lost to hanger imports from Taiwan and
4 Vietnam. The majority of our customers that also buy
5 imports have purchased hangers from Taiwan and
6 Vietnam, or both.

7 Some of our customers have told me that the
8 prices for these imported hangers tend to be less than
9 the prices for Chinese hangers, and they are
10 significantly less than M&B pricing. For example, I
11 have heard that prices for imported strut hangers are
12 more than 20 percent lower than the price offered by
13 M&B. Imported cape hangers show an even larger price
14 gap.

15 After being a hanger salesman for 30 years,
16 I have a pretty good take on what is going on in the
17 industry. I can quickly pick up on changes in the
18 market. The change that most everyone in the industry
19 has been discussing is the huge amount of hangers that
20 Taiwan and Vietnam have shipped here, and the
21 extremely cheap prices at which these hangers are
22 being offered. As a result, the amount of sales
23 dollars lost by M&B has been both large and sudden.

24 I fear that without relief from unfair
25 import pricing these trends will continue and the

1 effect on my company, and other American hanger
2 producers, will be disastrous. Our laws need to level
3 the playing field so that hanger production does not
4 disappear from the United States. Thank you.

5 MR. WAITE: Thank you, Steve. Our next
6 witness is Robbie Freeman of Phenix Supply Company.

7 MR. FREEMAN: Good morning. My name is
8 Robbie Freeman, and I am President of Phenix Supply
9 Company. We are a distributor of dry cleaning and
10 laundry supplies, including wire hangers. Phenix
11 Supply is headquartered in Atlanta, Georgia, and has
12 been a leading provider of laundry and dry cleaning
13 products to the industry since 1899. We currently
14 have eight branches throughout the southeast and mid-
15 Atlantic states. We employ about 100 people,
16 including a team of sales professionals who call on,
17 and service, our customers on regular schedules. Each
18 of our eight branches is a distribution center for all
19 of the products that we supply to our customers. We
20 currently have over 5,000 customers in 13 states and
21 the Caribbean.

22 I have been with Phenix for over 40 years
23 and have held several positions in the company,
24 starting with assistant to the vice president in our
25 Atlanta branch where I learned all aspects of the

1 business, and moving to Tampa as VP General Manager.
2 I became President in 1990 when the Phenix employees
3 formed an ESOP, employee-owned company, and purchased
4 the company.

5 Although this is my first time appearing
6 before this Commission, Phenix Supply Company
7 participated in the antidumping investigation of China
8 in 2008 by responding to the Commission's purchaser
9 questionnaire. At that time we had been buying
10 hangers imported from China since 2000/2001 because
11 their low pricing was determining the market price and
12 that was the only way that we could stay competitive.
13 From 2003 to 2007, seven domestic hanger
14 manufacturers, with 17 manufacturing plants in this
15 country, closed.

16 Our purchases of domestic hangers dropped
17 from almost 98 percent in 2001 to 43 percent in 2007.
18 After the dumping order was imposed on China we were
19 able to increase our purchases and sales of hangers
20 from domestic manufacturers to over 50 percent in 2008
21 and 2009.

22 With the opening of facilities in Vietnam
23 and Taiwan, our purchases in 2010 moved back to
24 imports from Vietnam -- approximately 55 percent --
25 because the prices were too low for us to ignore and

1 stay in business. Since 2011, we have been able to
2 move much of our purchases back to M&B and it ranges
3 at around 60 percent now.

4 For many reasons, we prefer to buy our
5 hangers domestically whenever we can. First, the lead
6 times from M&B can be as short as one day if we need
7 them. Lead times from Asia are very unpredictable,
8 but never shorter than six weeks. In 2011, there was
9 an apparent shortage of containers or ships to put
10 them on and we had containers that were expected in
11 eight to nine weeks that did not arrive for 16 to 19
12 weeks. This kind of inconsistency is extremely
13 detrimental to our ability to service our customers,
14 as well as destroying inventory turns and cash flow.

15 Second, the overall service capability and
16 the immediate availability of a full range of hangers,
17 including specialty hangers in small quantities, is
18 important to us in taking care of our customers'
19 needs. When there is a problem, it can be resolved
20 quickly. Also, domestic hangers come palletized and
21 are unloaded with a forklift. Each box of imported
22 hangers has to be handled by an employee when they're
23 unloaded from the shipping containers. Third, buying
24 domestically keeps Americans working and contributing
25 to our nation's economy.

1 Having said all this about the advantages of
2 buying domestically, you may be wondering why Phenix
3 Supply Company continues to buy 40 percent of their
4 hangers from imports. The answer is survival. Most
5 of the brokers who sell imported hangers offer similar
6 prices competitive with each other but substantially
7 below the prices offered by domestic manufacturers,
8 like M&B.

9 Some of our competitors are selling imported
10 hangers at very low margins, sometimes below our
11 domestic cost. For many of our customers, price is
12 the major factor in their purchasing decisions. We
13 buy far too many imported hangers because of the huge
14 price differences between imports and domestic. In
15 some cases, we have had to ask M&B to lower their
16 prices or not to institute a needed price increase to
17 regain some of the business lost to the low prices
18 from Vietnam and Taiwan. We don't like to have to do
19 that.

20 Low prices on hangers are not good for our
21 business. When hanger prices drop, as they did when
22 imports from Vietnam and Taiwan came into the market,
23 they have a negative -- sorry -- impact on
24 distributors, like Phenix Supply, and other full line
25 distributors. Most distributors try to achieve

1 certain acceptable margin percentages which are based
2 on reasonable prices. When the prices drop, margins
3 stay the same, our revenues drop.

4 The other effect of low pricing on imports
5 has been the appearance of limited distributors, whose
6 goal is to move containers of hangers for little more
7 than they paid for them. We refer to these
8 undercapitalized competitors as trunk slammers because
9 they don't always operate as legitimate businesses
10 complying with the laws and regulations that we
11 legitimate distributors operate under.

12 We indicated in our questionnaire responses
13 that we had increased our purchases of hangers from
14 Vietnam and Taiwan over the last several years for two
15 reasons. First and foremost, hangers were not being
16 offered by these countries in prior years. Second,
17 when they became available, they were offered at much
18 lower prices than the domestics. Although some of our
19 customers support domestic manufacturing and prefer
20 hangers made in the United States, price is the
21 determining factor in most hanger purchases.

22 Finally, I want to mention some things that
23 we have seen in the market during 2012. Beginning in
24 about May of this year, the --

25 CHAIRMAN WILLIAMSON: Just hold for a second

1 and see if we can straighten this out.

2 MR. FREEMAN: Thank you.

3 (Whereupon, a short recess was taken.)

4 CHAIRMAN WILLIAMSON: Okay. We're
5 installing a new, the electronics, audio in our new
6 courtroom on the second floor and apparently that's
7 interfering with this system so they're going to stop
8 that work. Okay. Go ahead. Mr. Freeman, you can
9 continue. Sorry for that interruption.

10 MR. FREEMAN: Thank you. I'm glad to hear
11 that I didn't break it. Finally, I want to mention
12 some things that we have seen change in the market
13 during the year in 2012.

14 Beginning in about May of this year the lead
15 times for containers from Vietnam dropped
16 dramatically. Containers of hangers started flooding
17 into the United States, creating a major oversupply of
18 hangers in the market. Containers that were scheduled
19 or expected to arrive in August or September were
20 delivered on the same ships with the containers
21 scheduled for June and July deliveries. This
22 oversupply created a different set of problems in the
23 market. Because distributors' warehouses have limited
24 capacity, we were all running out of space to store
25 these containers. This led to even deeper price cuts

1 being offered by some distributors to free up space,
2 and also to get money to pay for the containers.

3 The other big development this summer was
4 new contract language from brokers who supply hangers
5 from Vietnam and Taiwan. The language requires the
6 buyer to pay any additional duties that may be imposed
7 after the hangers have been delivered. Phenix refused
8 to accept that language in our contracts, and I don't
9 know why any reasonable buyer would agree to those
10 terms.

11 Thank you for your attention. I look
12 forward to responding to any questions that you may
13 have.

14 MR. WAITE: Thank you, Robbie. Our final
15 witness this morning, Mr. Chairman, is Dr. Patrick
16 Magrath.

17 MR. MAGRATH: Good morning, members of the
18 Commission, commission staff, ladies and gentlemen.
19 My name is Patrick Magrath, and I am here on behalf of
20 the domestic steel wire garment hangers industry in
21 these proceedings. I will address issues relating to
22 injury, the cause of injury and the impact of unfair
23 imports on the domestic industry producing steel
24 garment hangers.

25 You have heard already from two U.S.

1 producers and from a customer, Mr. Freeman, who gave
2 testimony about the harmful impact of imports from
3 Taiwan and Vietnam from a purchaser's perspective.
4 Other U.S. industry participants unfortunately will
5 not be here today because they are no longer in
6 business, and I refer to American hanger producers
7 Platinum Hangers, Great Plain Hangers and Shanti
8 Hangers.

9 Shanti was one of the domestic hanger
10 producers that testified in the China case. Platinum
11 and Great Plains entered the hanger business following
12 the trade case against China, but both failed due to
13 the surge of imports from Taiwan and Vietnam. The
14 closure of these U.S. producers and the attendant loss
15 of jobs, as well as the extensive red ink, that is,
16 operating losses, of the remaining U.S. producers are
17 compelling evidence of material injury by reason of
18 unfairly traded imported hangers from Taiwan and
19 Vietnam.

20 As to the conditions of competition, we have
21 the advantage of everyone's familiarity with this
22 product. Steel wire garment hangers are a mature
23 commodity-type product, and producers, importers and
24 purchasers of hangers agree that they are fully
25 interchangeable no matter where they are manufactured.

1 The staff report, in its survey of
2 purchasers, found price to be an important variable in
3 purchasing decisions. These same purchasers, when
4 asked to rank U.S. hangers against hangers from Taiwan
5 and Vietnam, ranked all three as comparable, except on
6 the factor of price, where purchasers ranked imports
7 as superior.

8 In sum, the prehearing staff report
9 establishes price as an important variable in
10 purchasing decisions and lower price as the single
11 factor in which imports have a clear advantage over
12 U.S. producers for an otherwise undifferentiated
13 product. The essence of the injury caused by these
14 low priced unfair imports is that they flooded a fully
15 developed market in which demand grew only slowly over
16 the period of investigation. Subject imports, on the
17 other hand, increased 28 percent over this same
18 period. Demand may have been steady in the U.S.
19 market, but imports of dumped and subsidized hangers
20 were not.

21 As to the condition of supply for hangers,
22 there is plenty of it, with Taiwan and Vietnam, as
23 well as U.S. producers, all having large amounts of
24 unused capacity. U.S. producers never achieved over
25 50 percent capacity utilization in any period. As for

1 Taiwan and Vietnam, and I'd like to refer you to
2 Chart 1, we have used a conservative methodology to
3 project their capacity based on actual production and
4 shipments to the United States. This chart shows that
5 between Taiwan and Vietnam there was unused capacity
6 of at least 787 million hangers in 2011. Even the
7 very limited responses that the Commission has
8 received from foreign producers confirm this
9 substantial unused capacity, so there is abundant
10 additional capacity available from these countries,
11 and all of it is dumped, or subsidized, when it is
12 shipped here.

13 In summary, our characterization of the
14 conditions of competition agrees with the staff
15 estimates of elasticity. The high supply and
16 substitutional elasticities are ominous for the U.S.
17 industry going forward if effective relief is not
18 forthcoming.

19 The volume of imports from Taiwan and
20 Vietnam was large and increased over the POI. Please
21 refer to Chart 2. When we were putting together this
22 case we were looking at a 778 percent increase in
23 hanger imports from the two subject countries, as this
24 chart shows. Even with 2009 as the base period,
25 imports increased by 28 percent 2009 to 2011. Imports

1 from the subject countries then declined by 24 percent
2 over the interim even though there was a healthy
3 increase in demand, so the only explanation for this
4 sudden reversal in trends from Vietnam and Taiwan is
5 the filing of these cases.

6 Coupled with the increase in subject imports
7 during the POI, the sheer volume of subject imports
8 has had a devastating impact on the U.S. industry.
9 From 2009 to 2011, unfair import volumes took a
10 significant share of the U.S. market, a share greater
11 than that of U.S. producers. The sheer volume of
12 these imports was a significant factor in the U.S.
13 industry's operating losses in each period of the POI.
14 The dumped import pricing was the other.

15 In terms of pricing, there are a couple of
16 ways to look at the data on price in this
17 investigation. Pages V-1 to V-5 of the prehearing
18 staff report show low and declining import prices for
19 Vietnam which undersold their U.S. counterparts by 97
20 percent of quarterly comparisons. In addition,
21 margins of underselling by Vietnam increased over the
22 period.

23 Although the staff received pricing data on
24 22 percent of the imports from Vietnam, they received
25 data on only 4.6 percent of imports from Taiwan, less

1 than one in 20. These scant, nonrepresentative data
2 on Taiwan show overselling by imports from Taiwan not
3 only of the Vietnamese, but compared to U.S. products
4 as well. These results contradict the official import
5 data and they're also at odds with the expected
6 behavior for commodity-type pricing.

7 Petitioners believe that more
8 representational price data are found in the average
9 unit values of subject imports, as shown in Chart 3.
10 These AUVs are an excellent proxy for price in these
11 investigations because there is a specific HTS
12 category devoted exclusively to steel wire hangers.
13 Chart 3 shows that Taiwanese and Vietnamese prices
14 deeply undersold U.S. hanger prices, acting as a
15 continuous drag on these prices, and preventing U.S.
16 producers from raising prices sufficiently to attain
17 profitability in any year or any interim period of
18 this investigation.

19 Import prices suppressed and depressed U.S.
20 prices. For proof on this point, the staff has
21 provided the Commission with a large number of lost
22 sales and lost revenue responses, a very high
23 percentage of which were verified by purchasers as
24 having been based on price. We cannot discuss the
25 actual numbers in a public setting, but our prehearing

1 brief details the many responses to lost sales and
2 lost revenue allegations and the overwhelming number
3 of times that customers confirm the accuracy of that
4 information.

5 Altogether, the U.S. industry submitted 97
6 examples of lost sales and 186 examples of lost
7 revenue, with an overwhelming number of responses that
8 were confirmed by customers who reported they switched
9 products from U.S. producers to subject imports
10 because of price.

11 In addition, virtually all of these
12 purchasers who responded told the staff that U.S.
13 producers had to reduce their prices in order to
14 compete with subject imports. These examples of lost
15 revenue, and their confirmation by customers, are
16 evidence of significant price depression. This number
17 of allegations and affirmed purchaser responses then
18 rise above the merely anecdotal. They are evidence of
19 price depression. Together with the large number of
20 lost sales that were confirmed by customers to be the
21 result of low priced imports from Taiwan and Vietnam,
22 these numerous examples of real market impact are
23 meaningful evidence of the price effect of imports.

24 As to the topic of price suppression, we ask
25 the Commission to note the high cost of goods sold to

1 sales ratio, the so-called cogs to sales ratio,
2 throughout the period of investigation. The very high
3 levels of this ratio is convincing evidence of price
4 suppression, as well as a guarantee of losses on an
5 operating basis, for the U.S. industry.

6 The injurious volume and price effect of
7 imports led directly to the negative impact of such
8 imports on the U.S. operations. This is Chart 4. Our
9 usual color scheme for these charts is to show red for
10 the losses and blue for the positive results from the
11 data. Here, all you see is red. Referring back to
12 our observations on import volume, it is the sheer
13 volume of these low priced imports that result in
14 operating losses in each period of the investigation,
15 despite some increases in shipments and sales.

16 Finally, we must emphasize that any
17 increases in sales of American made hangers were
18 merely part of an already meager share of apparent
19 U.S. consumption of the U.S. producers.

20 Briefly, as to threat of injury, Petitioners
21 want to draw the Commission's attention to a few
22 factors. The first is that there is large unused
23 capacity in the subject countries which Chart 1 we
24 showed you before represents. It shows an unused
25 capacity of almost 800 billion hangers from the two

1 subject countries.

2 The import data also show the ability and
3 the willingness of Taiwanese and Vietnamese producers
4 to increase imports quickly. Imports from Taiwan
5 reached 334 million hangers in 2010, and Vietnam
6 almost doubled its exports over the POI before that
7 trend was reversed in this rather dramatic fashion by
8 the filing of this case.

9 Finally, the underselling by subject imports
10 and the lost sales and lost revenue examples indicate
11 that low priced unfairly traded imports will continue
12 to harm the U.S. industry absent the discipline of
13 antidumping and countervailing duty orders.

14 In conclusion, I would like to thank the
15 staff for an outstanding effort, especially in
16 figuring out the lost sales and lost revenue and
17 bringing out the real reason that purchasers bought
18 imports during the period. Thank you very much.
19 Thank you for the Commission.

20 MR. WAITE: Thank you, Pat. Mr. Chairman,
21 that concludes our prepared presentation this morning.
22 However, before we take questions from the
23 Commissioners, I would like to introduce the two
24 remaining members of our panel who have not spoken.
25 Roger Crowder of Indy Hanger. As Mr. Smith indicated,

1 Roger and Walt are the founders and operators of Indy
2 Hanger. Last, but certainly not least, my colleague,
3 Kimberly Young from Vorys, Sater. Thank you very
4 much, Mr. Chairman, and thank you to the Commission.

5 CHAIRMAN WILLIAMSON: Okay. Thank you, Mr.
6 Waite. Want to express our appreciation for all of
7 the witnesses coming today and taking time from their
8 businesses to come and present their testimony. This
9 morning we will begin our questioning with
10 Commissioner Pearson.

11 COMMISSIONER PEARSON: Thank you, Mr.
12 Chairman. My welcome to all of you. I don't know
13 that I had as a career objective when I came to the
14 Commission doing hearings on hangers, but it's been
15 quite interesting and I'm pleased to do it again. Mr.
16 Smith, let me begin with a question for you. You
17 mentioned that this is stainless steel wire. No. I'm
18 sorry. This is a galvanized.

19 MR. SMITH: Galvanized, yes.

20 COMMISSIONER PEARSON: Okay. You have
21 galvanized wire coming into the machine or is it
22 galvanized after it's gone through the machine?

23 MR. SMITH: No, it's galvanized -- we order
24 it, galvanized wire, and we process it through the
25 machine galvanized.

1 COMMISSIONER PEARSON: Okay. This is a
2 product that is product one on the board there,
3 correct?

4 MR. SMITH: Yeah. Product five. It's
5 comparable to product five.

6 COMMISSIONER PEARSON: Product five. Even
7 though, does it have, it has the same neck length as
8 the one that's displayed?

9 MR. SMITH: Approximately, yeah. Yes.

10 COMMISSIONER PEARSON: Okay. Is this a 13
11 gauge wire?

12 MR. SMITH: Approximately, yes.

13 COMMISSIONER PEARSON: Okay. Thank you for
14 those clarifications because it's interesting to look
15 at if you're -- I was just wondering for sure what it
16 was. Okay. Why do we have a relatively low response
17 rate by members of the domestic industry in this case?

18 MR. WAITE: Commissioner Pearson, it's Fred
19 Waite. You have responses from three of the domestic
20 producers who are Petitioners, and I believe the staff
21 has quantified a number of the percentage that that
22 response rate represents of the U.S. industry and
23 it's, on data available to us, the overwhelming
24 percentage.

25 We know of three, we know of two certain

1 additional producers and a possible third. Two of
2 them are regional producers. They are very small.
3 One is Metro Supply in California. I've actually had
4 the privilege to see their operation. It's
5 essentially not much larger than a large garage. They
6 also, from what I saw of their operations, purchase
7 wire. They do not purchase wire rod and draw it into
8 wire, they purchase wire and they form the hangers
9 from purchased wire and sell their product on the West
10 Coast, primarily.

11 The other regional producer is Ganchos in
12 Puerto Rico. Again, a very small supplier. We
13 provided what information we could obtain from those
14 two producers, it's on the confidential record, and
15 you will see, once again, they are very, very small,
16 regional producers.

17 The third producer is the question mark, I
18 think, for all of us. I know that the staff tried to
19 contact them. We did as well. It's Eagle Hanger in
20 Texas. On their website Eagle Hanger states that they
21 both produce hangers at their facility, I believe it's
22 just outside Houston, as well as import hangers from
23 Vietnam. In fact, their website has two pages, one of
24 which shows the hangers that are available that are
25 represented as being produced in Texas, and another

1 chart which shows the hangers that are available as
2 imports from Vietnam.

3 We have attempted, as I said, Commissioner
4 Pearson, to obtain information from them, to make
5 contact. We've been unsuccessful, just as the staff
6 has been unsuccessful. We know from public records
7 there have been a lot of litigation involved with that
8 company, and from industry sources, including
9 customers, we understand that there may be some
10 difficulties in the ownership and management of the
11 company, but I would say that you have before you,
12 including, in absentia, US Hanger from California,
13 virtually the bulk of the U.S. hanger industry.

14 COMMISSIONER PEARSON: Okay. It's just a
15 little bit challenging across the industry to get
16 collaboration, complete collaboration on this type of
17 petition? Is that a fair way of understanding it?

18 MR. WAITE: Well, I would say, as I just
19 mentioned, two of the producers are regional
20 producers. They're very small. They may not have
21 the --

22 COMMISSIONER PEARSON: Yes. We've covered
23 this adequate with them.

24 MR. WAITE: Is that all right?

25 COMMISSIONER PEARSON: Yes. Thank you. On

1 this record we see an increase in apparent consumption
2 over the period of investigation. What is your sense
3 of the demand trend? Is it trending upward, and are
4 we likely to see increased usage, demand for hangers
5 over the next couple years?

6 MR. MAGNUS: This is Milton Magnus of M&B
7 Metal Products. We've seen the textile industry
8 become busier than they were a couple of years ago.
9 It's probably a six or eight percent increase in the
10 demand for rented clothes, and we see the dry cleaning
11 up a little bit over where it was a year or two ago,
12 but not in the numbers of the uniform rental. I
13 think, you know, as the economy improves we might see
14 some increases, but, you know, I think it's a pretty
15 mature market. I don't think there's going to be a
16 lot of increase in volume of hangers needed. There
17 will be some, but not huge quantities.

18 COMMISSIONER PEARSON: Okay. Mr. Smith?

19 MR. SMITH: Yes. Walt Smith, Indy Hanger.
20 When we got into this in '08 we were told that the
21 market, the industrial market was down 20 percent, so
22 as the economy has improved, I think that would
23 account for some of it. It's back up, at least from
24 those losses.

25 COMMISSIONER PEARSON: I know that some

1 people prefer to have permanent press shirts that they
2 wash at home and they hang out okay and they don't
3 actually send them to a commercial laundry. Has that
4 been a factor over, in recent years in influencing the
5 demand for hangers by commercial launderers?

6 MR. MAGNUS: Yes, it has been, affected
7 demand, but perma press has been around for a long
8 time and the people that buy perma press bought perma
9 press five or six years ago, so, you know, I don't
10 think it's a change in demand recently, I think it's
11 something that's, you know, evolved over the years.

12 COMMISSIONER PEARSON: Okay. Fair enough.
13 So I would be correct to understand the demand outlook
14 as trending upwards slightly but we're not expecting
15 anything to go gang busters. Is that fair? As the
16 economy grows, there will be some increase in demand
17 for hangers.

18 MR. SMITH: Yes.

19 COMMISSIONER PEARSON: Okay. Thanks. I
20 have a question about causation, and I just want to
21 give an explanation to members of the domestic
22 industry who won't have seen the confidential
23 information that I recognize that your industry's been
24 going through a challenging time, so I'm not trying to
25 minimize that, but I'm looking at the record and

1 trying to figure out how to size it up. Just, I'll
2 talk about the trends.

3 We see that nonsubject imports fell enough
4 so that the market share of both the domestic industry
5 and subject imports rose, okay? We had an increase in
6 U.S. production capacity, an increase in U.S. quantity
7 of production of hangers, an increase in U.S. capacity
8 utilization rate, an increase in U.S. shipments, a
9 decline in inventories of the domestic industry,
10 number of production workers declined modestly but the
11 total number of hours worked actually rose a bit,
12 labor productivity rose and unit labor costs fell, the
13 domestic industry experienced increases in both the
14 quantity and value of net sales, we had a decline in
15 unit cost of goods sold, the cogs to sales ratio has
16 remained relatively steady, the operating income ratio
17 has trended upward, albeit not to a very high level.

18 Given this record is there a case for
19 present injury? Can we get to an affirmative on
20 present injury on this record? It's a legal question
21 so I direct it to Mr. Waite or to Dr. Magrath.

22 MR. WAITE: Commissioner Pearson, if I can
23 respond initially, and then I think Dr. Magrath can
24 probably fill in the details better than I can. You
25 indicated a number of factors and in our prepared

1 statement, Dr. Magrath went through some of those
2 factors. It's true that capacity increased over the
3 POI. That was because new suppliers came into the
4 market. You had two new companies join the market
5 during the POI.

6 Also, to follow up on your earlier question
7 about responses from the domestic industry, we were
8 talking only about current producers of hangers, or
9 purported current producers of hangers. During the
10 beginning of the POI there were a number of other
11 companies that either came into the market or had
12 already come into the market and expanded. Platinum
13 Hanger in New Jersey and Great Plains Hanger in
14 Nebraska came into the market at the beginning of the
15 POI.

16 COMMISSIONER PEARSON: Okay, but my time has
17 expired. I think I may have to come back to this
18 because I'm interested -- you're giving information,
19 but I'm not necessarily getting to causation, which is
20 what I was most interested in.

21 MR. WAITE: I understand that, Commissioner
22 Pearson. I'm trying to lay the foundation in order so
23 you can understand how we get to causation. If I
24 could just finish the last point on the companies who
25 came out of the market. Their capacity is not

1 reflected in the data. If their capacity were
2 reflected in the data at the beginning of the period
3 you may see, in fact, you would see, a very different
4 result than you see from the survivors in the industry
5 and those who came into the industry. If you wish, we
6 can defer our response --

7 COMMISSIONER PEARSON: Yes, let's hold
8 because I'm over time now. Thank you.

9 MR. WAITE: Of course, Commissioner.

10 MR. WILLIAMSON: Thank you. Commissioner
11 Aranoff?

12 COMMISSIONER ARANOFF: It's okay if you want
13 to wrap that up on my time if there was something you
14 wanted to add.

15 MR. WAITE: I'm afraid if we started to wrap
16 it up it would absorb all of your time, Commissioner
17 Aranoff, so --

18 COMMISSIONER ARANOFF: Okay. Well, I have
19 to appreciate that. Not all counsel are that
20 solicitous of not using up all my time, not to name
21 any names. Let me turn to a question on the pricing
22 data. The Commission's pricing data show quarterly
23 pricing declining over the period for the domestic
24 product on subject imports, except with respect to
25 domestic product number one. Is there any explanation

1 that you can offer for the apparent increase in price
2 of product one during the period?

3 MR. WAITE: I'm not sure that there's
4 anything that we can say publicly on that now,
5 Commissioner Aranoff. Perhaps, as you phrased the
6 question generically, the industry members could
7 respond generically as to what they saw on pricing of
8 the standard shirt hanger from 2009 through the middle
9 part of 2012.

10 COMMISSIONER ARANOFF: Okay. I mean the
11 data we collected, as you've heard, show generally
12 that the price for that product ended up higher at the
13 end of the period we looked at than it was at the
14 beginning. Does that reflect your experience, and, if
15 so, can you tell us why it might have happened?

16 MR. MAGNUS: This is Milton Magnus with M&B
17 Metal Products. The only reason I can explain is it
18 was priced very low to begin with.

19 COMMISSIONER ARANOFF: Okay. You didn't
20 actually see any kind of a rising price trend for
21 those?

22 MR. MAGNUS: No, ma'am, we didn't.

23 COMMISSIONER ARANOFF: Okay. Okay. Anyone
24 else want to comment?

25 MR. CROWDER: Roger Crowder, Indy Hanger.

1 The product one is the dry cleaner hanger and we, in
2 our, when he read his statement, at the very beginning
3 of our business that was the hanger that we tried to
4 get into producing when we first got into the hanger
5 manufacturing, and that hanger was so ridiculously low
6 we couldn't even put steel in the box for the price
7 that it was being sold at that point in time, so we,
8 as a company, didn't even produce that hanger because
9 we could not afford to do it at any kind of, it was
10 just a loss, so we concentrated more on hanger number
11 five with an industrial side of things. So it had to
12 go someplace. I mean that's my opinion is it had to
13 go someplace because it was so ridiculously low we
14 couldn't even afford to do it, so we didn't do it.

15 COMMISSIONER ARANOFF: Okay. All right.
16 That's helpful. If there's anything that you want to
17 add from the confidential record, please go ahead and
18 do it in the posthearing. There's been testimony, and
19 also in the brief, that the domestic industry has
20 increasingly focused on the industrial part of the
21 market. What is it about that market sector that's
22 made it easier for the domestic industry to be
23 competitive, and do you think this is a sustainable
24 strategy in the face of subject imports or anything
25 else that's going on in the market?

1 MR. SMITH: Walt Smith, Indy Hanger. For us
2 it was the volume at which the industrial market
3 orders. In the hanger business, especially starting
4 out, in '08 it was all about selling millions of
5 hangers, not 500 hangers, so we had to turn our
6 attention away from the dry cleaning hanger and focus
7 on the volume, truckloads, of hangers. Fifteen
8 pallets of hangers in an order. That's the biggest
9 reason our focus is on industrial hangers.

10 COMMISSIONER ARANOFF: Does the fact that
11 the order sizes are larger, how does that benefit you?
12 Is it in terms of your cost per unit? Does it let
13 you price lower and that's why imports haven't been as
14 competitive in that segment? That's what I'm trying
15 to understand is how you're able to compete in the
16 face of import competition in that segment, but not in
17 the dry cleaning segment.

18 MR. SMITH: Well, the volume part of it is
19 it also translates to our purchasing power with the
20 wire, the mills, the box companies, so that power
21 allowed us to, without increasing prices, which we
22 rarely can do, as our purchasing power improved, we
23 were able to take in enough margin to keep operating.

24 COMMISSIONER ARANOFF: Okay. So it's been
25 on the cost side that it's allowed you to be

1 competitive.

2 MR. SMITH: Yeah.

3 COMMISSIONER ARANOFF: Okay.

4 MR. CROWDER: Roger Crowder. In addition to
5 that, the industrial side seems to be more direct
6 sales. So the dry cleaning side has a lot of
7 distributors in it, and so by the time that you
8 manufacture it, and then someone distributes it
9 through a distributor and they take their cut, and
10 then someone goes to sell it on the open market to the
11 dry cleaners, the industrial launderers are more
12 direct routes. So we eliminate distributors, and
13 therefore, we can, our profits are directly to sales
14 versus any distribution there, and so a lot of times
15 we're able to sell direct and keep our pricing down to
16 the industrial markets versus the dry cleaning
17 markets.

18 COMMISSIONER ARANOFF: Okay. Mr. Magnus?

19 MR. MAGNUS: This is Milton Magnus with M&B.
20 In industrial market there are four or five huge
21 buyers and your marketing efforts are to four or five
22 people instead of the 30,000 dry cleaners out there,
23 so it's, you know, you can present your case easily to
24 one larger user than you can to a lot of small users.

25 COMMISSIONER ARANOFF: So would you say that

1 the purchasers in this industrial segment are any less
2 price sensitive than the purchasers in the dry
3 cleaning segment, or is it just that because of the
4 scale and because of there not being middlemen you can
5 do more on the cost side to meet their price needs?

6 MR. MAGNUS: They're very cost-sensitive. A
7 dry cleaner will buy three major types. We'll make,
8 you know, 60, 40 types of dry cleaning hangers. An
9 industrial hanger, you make one or two types, no
10 change overs, constant production, same machinery.
11 It's easier to produce those. Believe me, the big
12 buyers are very cost-sensitive.

13 COMMISSIONER ARANOFF: Okay. Thanks.
14 That's all very helpful. Let me turn to a totally
15 different area and just ask whether Petitioners are
16 aware of any new information since the Commission's
17 preliminary determinations in these investigations
18 regarding the existence or extent of transshipments of
19 Chinese hangers through third countries and into the
20 United States, and if you're not aware of any new
21 information, whether you agree with the way that the
22 Commission handled this issue in its opinion in the
23 preliminary phase.

24 MR. WAITE: Commissioner Aranoff, perhaps I
25 should respond to that question. In terms of new

1 transshipment instances after the preliminary phase,
2 and I need to be very measured in what I say, we have
3 spoken with U.S. Customs and Border Protection
4 headquarters. Actually, we were invited by U.S.
5 Customs to meet with them in connection with these
6 cases because based on their experience in other
7 cases, other products, they wanted to anticipate if
8 there would be transshipment as a result of these
9 cases. That is, hangers that were being produced in
10 Vietnam or Taiwan, or China as well, being
11 transshipped through third countries.

12 We have some limited information, it's not been
13 fully developed yet, that there are hanger imports
14 coming in from Laos. Whether or not those are
15 transshipped, we're still investigating that. In
16 terms of other countries, if you look at monthly
17 imports over the last several years, and particularly
18 in 2012 after this case was filed, there doesn't seem
19 to be a large number of countries shipping in steel
20 wire garment hangers.

21 At one time Canada shipped in quite a few.
22 They've stopped pretty much. At one time Pakistan was
23 shipping in some. In terms of any new solid credible
24 information of transshipment of Vietnamese and/or
25 Taiwanese hangers into the United States, no. Not

1 since the preliminary determination have we seen any.

2 COMMISSIONER ARANOFF: Okay. What about
3 Chinese hangers? Because in the preliminary the issue
4 was whether or not what we saw coming in from subject
5 countries was, in fact, product that was made in
6 China.

7 MR. WAITE: I'm sorry. I should have
8 included China in that recitation of Vietnam and
9 Taiwan. We're looking at transshipment generally.
10 Obviously when a new country appears in the market,
11 and especially if it appears very rapidly in the
12 market, there is some concern that there could be
13 transshipment when nontraditional suppliers appear in
14 the market.

15 We understand that this industry is not like
16 basic steel making. Investors don't need to have
17 billions of dollars and many years of construction to
18 set up a hanger plant, although when we see hangers
19 coming in from Mongolia, our eyebrow does go up. The
20 notion of shipping wire rod or wire from traditional
21 markets into Mongolia and then shipping hangers from
22 Mongolia back to a port on the Pacific to the United
23 States does raise some questions. Again, we're
24 looking at that.

25 If I could just address very briefly your

1 final comment about how the Commission dealt with this
2 issue in the preliminary. We think the Commission
3 dealt with it properly. There were allegations made
4 of transshipment. The Commission looked at the
5 record, looked at the data and found that there was no
6 specific credible information as to whether there was
7 transshipment, and especially the extent of the
8 transshipment if there had been transshipment through
9 either of these countries. I'd be happy to address
10 that further now, or later, if you would like.

11 COMMISSIONER ARANOFF: Okay. Well, my time
12 is up so I'll come back to it, if need by. Thank you
13 very much. Thank you, Mr. Chairman.

14 CHAIRMAN WILLIAMSON: Thank you.
15 Commissioner Pinkert?

16 COMMISSIONER PINKERT: Thank you, Mr.
17 Chairman. I join my colleagues in thanking all of you
18 for being here today and taking the time out to help
19 us to understand these issues. I want to begin with a
20 question that may actually relate to the last question
21 from Commissioner Aranoff. I don't know. You'll have
22 to tell me. I'm wondering if you can help us to
23 understand why the market share of imports from Taiwan
24 change so dramatically during the period that we're
25 looking at.

1 MR. WAITE: Commissioner Pinkert, it's Fred
2 Waite. We noticed that, we expected to be asked that
3 question, and our answer is we simply don't know. We
4 don't know why imports from Taiwan declined so
5 dramatically in 2011. We've asked members of the
6 industry, we've asked customers of Petitioners. No
7 one seems to know. Just the Taiwanese left the market
8 and Vietnam stayed in the market very heavily.

9 COMMISSIONER PINKERT: Well, let me try to
10 link this question back to Commissioner Aranoff's
11 questions. Is there any thought that the Taiwanese
12 imports were not actually imports from Taiwan but
13 represented transshipments?

14 MR. WAITE: At one point, the very beginning
15 of this period, there was concern about transshipment,
16 not just Taiwan, but also Vietnam and other countries,
17 but the information available to us, and, in
18 particular, the change in composition of the companies
19 who were shipping hangers from Taiwan during the POI,
20 indicated to us that there was an industry established
21 in Taiwan. It was established very rapidly.

22 We know that a number of the Chinese hanger
23 producers historically have either been owned, or
24 controlled, or had heavy investment by Taiwanese
25 interests, and it seemed to us that there could be

1 very rapid movement of machinery and capabilities
2 across the Formosa Strait to Taiwan, and we all
3 recognize that Taiwan, even more than Vietnam, is a
4 heavily industrialized, almost first world country
5 that certainly had the capability, and the resources
6 and the skilled workforce to put an industry together
7 quickly. Vietnam accomplished the same result with
8 less of an industrial base than Taiwan.

9 So in terms of whether this was
10 transshipment or not, we don't know. We've tried to
11 find out, we know the staff has tried to find out. We
12 all know how many Taiwanese producers and how many
13 importers of Taiwanese products responded to the
14 Commission's questionnaire. We can't speak for the
15 Taiwanese industry. What we can do is look at the
16 data that's collected by Customs and Border
17 Protection, data that's based on certifications under
18 criminal penalty by importers that they have used due
19 diligence to ascertain the facts that they are
20 reporting to Customs, including the country of origin
21 of their products.

22 We have anecdotal information of hangers
23 being offered from Taiwan and from Vietnam. We simply
24 don't have the authority or the resources to do
25 anything more than rely on our government to tell us

1 these are where the products are coming from, these
2 are the specific characteristics of these products,
3 and we, I think, must rely on that the way the
4 Commission did in the preliminary phase, relied on the
5 official import statistics and data collected by U.S.
6 Customs and Border Protection.

7 It's frustrating. It's very frustrating to
8 be in this situation. Indeed, if Taiwan weren't in
9 the case and we were looking at just Vietnam, I think
10 we'd also be frustrated by the paucity of responses,
11 but compared with Taiwan, Vietnam has been, you know,
12 wonderfully transparent and forthcoming in giving us
13 information. As you know, importers, representing 22
14 percent of their imports, have responded. For Taiwan
15 it's less than five percent. Several Vietnamese
16 producers have responded to your questionnaires,
17 primarily during the preliminary phase of this case,
18 but also during the final phase. No Taiwanese
19 producer has responded.

20 It's very difficult for us, and I would have
21 to assume it's very difficult for you, to look at that
22 and make the kind of analysis and judgments that you
23 would make if you were dealing with a country where
24 you were getting substantial responses from the
25 foreign industry, as well as their importing partners,

1 about what they were doing, how they were doing it and
2 their operations generally.

3 COMMISSIONER PINKERT: Thank you. Now, in
4 his testimony, Dr. Magrath talked about the market
5 share of the U.S. producers and talked about how it's
6 really quite low throughout the period that we're
7 looking at. Is that the result of the impact of
8 subject imports or is that the result of the impact of
9 nonsubject imports? I know you're an expert on the
10 Bratsk case, Mr. Waite, but I'm not so much concerned
11 about a hypothetical analysis here as I am, you know,
12 what has the impact of the nonsubject imports been,
13 and is that what is limiting the market share of the
14 domestic industry?

15 MR. WAITE: Again, Commissioner Pinkert,
16 perhaps I could start and Dr. Magrath may want to fill
17 in some of the blanks. There have been imports during
18 the period of investigation from nonsubject imports,
19 primarily from two countries, China and Mexico. The
20 Mexican imports have been steady during the period,
21 they've not increased dramatically. They've been more
22 or less stable. The Commission staff found, and it's
23 in the public version of the staff report, that
24 pricing from Mexico was higher than pricing from
25 Vietnam and Taiwan.

1 In the case of China, and I would preface
2 this comment by saying that, as all of us in this room
3 know, the standard for looking at causation is that
4 subject imports must be a cause, not the cause, not
5 even a significant cause, must be a cause of injury,
6 there's no doubt that the impact of imports from China
7 was devastating until the order was issued against
8 China.

9 Then you saw, and it's in our Chart 5, which
10 was not discussed by Dr. Magrath this morning, but in
11 our Chart 5, after the order was issued on China, you
12 can see what happened to imports from China. They
13 diminished dramatically at the same time subject
14 imports increased dramatically, offsetting the volumes
15 that had previously been coming in from China.
16 There's mixed information in the staff report about
17 pricing of Chinese products vis-a-vis Vietnam and
18 Taiwan but there can be no doubt that during the
19 period of investigation, imports from Taiwan and
20 Vietnam were increasing, their pricing was low, and
21 declining, and that U.S. purchasers were selecting
22 Vietnamese and Taiwanese hangers over U.S. hangers.

23 Again, one of the pieces of data that we all
24 have in this case which we find almost remarkable are
25 the lost sales and lost revenues examples. The U.S.

1 industry provided almost 100 lost sales examples and
2 provided almost 200 lost revenue examples. Responding
3 purchasers verified, confirmed, agreed that in the
4 overwhelming majority of the examples they did,
5 indeed, purchase hangers from Vietnam or Taiwan, or
6 both, under the circumstances that the U.S. industry
7 indicated, that is, at a lower price than the U.S.
8 producer, and therefore did not make the sale to the
9 U.S. producer, or required the U.S. producer to lower
10 its price in order to meet the import price.

11 So the one shining example of hard data that
12 we have on what happened during the period of
13 investigation are these lost sales and lost revenue
14 examples where the U.S. purchasers verified this was
15 what was happening in the market. These were real
16 sales, real dollars being lost, and real revenues
17 being depressed by imports from Taiwan and Vietnam.

18 Commissioner Pinkert, if I may add, please
19 don't speak too fulsomely about my experience with
20 Bratsk and Gerald Metals. I understand that that can
21 be a sore subject, especially with the General
22 Counsel's Office, so let bygones be bygones, if we
23 may. Thank you.

24 COMMISSIONER PINKERT: Well, as you know,
25 the views about some of those cases may be different

1 depending on who you talk to, and I certainly don't
2 want to put you in a difficult position on that.
3 Thank you very much.

4 CHAIRMAN WILLIAMSON: Commissioner Johanson?

5 COMMISSIONER JOHANSON: Thank you, Mr.
6 Chairman. I would also like to thank all of the
7 witnesses for appearing here today. As I've often
8 stated during hearings, one of the most interesting
9 parts of this job is you get to learn about products
10 that are prominent in your everyday lives but you
11 never really think about, including hangers. I should
12 state that I'm actually a big fan of strut hangers.
13 I've always liked them. Didn't know that they had an
14 actual name, but now I do. So that's something I
15 learned from this investigation.

16 I was wondering, to what extent is demand
17 for hangers impacted by a weak economy or a weak jobs
18 picture? I know that, as you all know, unemployment
19 has been quite high during the period of
20 investigation. In September 2009 there was 9.8
21 percent, and in September 2010 there's 9.5 percent, in
22 September 2011 there's nine percent. I assume that
23 has impacted sales of hangers. I know, for example,
24 that U.S. consumption of gasoline is down quite a bit
25 because you have millions of Americans not driving to

1 work because, unfortunately, they don't have work to
2 drive to. I assume that might be the case, or there
3 might be a similar situation with hangers. Could you
4 all please discuss that?

5 MR. MAGNUS: This is Milton Magnus with M&B
6 Metal Products. You're correct. When people are
7 working, they're dry cleaning clothes or renting
8 uniforms. When they're not working, they're not. We
9 get figures from the industry, and we were at a
10 textile rental convention recently and their, although
11 in 2008 things did drop substantially, their volume
12 has been increasing and is up over what it was in 2008
13 by a considerable amount, and also the dry cleaners'
14 volume.

15 When the Great Recession hit also went down,
16 but it is, we get snap shots that shows they're up two
17 percent, down two percent or whatever, and most, in
18 the past three quarters, nine months, that shows an
19 increase over what it was the previous year.
20 Employment does play a factor in how dry cleaners are
21 busy, yes.

22 MR. FREEMAN: Robbie Freeman, Phenix Supply
23 Company. Yes, the economy has had an impact on the
24 dry cleaning industry, you know, as Milton pointed
25 out. Even the uniform rental industry because people

1 don't wear uniforms if they're not, you know, if
2 they're not working. In dry cleaning, dry cleaning
3 volume has been declining for various reasons over a
4 number of years. Lately, it has been specifically
5 because of the, you know, lack of people going to work
6 and higher unemployment.

7 Over the last I'm going to say more like
8 almost a year we have seen a rather steady small
9 improvement in our overall business, and so we're
10 seeing more going out now than we were a year, year
11 and a half ago. So there is a light at the end of the
12 tunnel and we hope it's not a train.

13 COMMISSIONER JOHANSON: What about people
14 dressing more casually these days? I know this is
15 outside the period of investigation, but about a
16 decade ago, I was working at a law firm, and there was
17 a little debate as to whether or not there should be
18 casual Fridays, and it turns out that did come into
19 effect, and I know, for example, at this Agency, there
20 are a large number of people who don't wear pressed
21 clothes every day.

22 I assume in the long term that is going to
23 continue to impact the industry, is that correct? Is
24 that your assumption?

25 MR. FREEMAN: Yes. Robbie Freeman, Phenix

1 Supply, again. Yes, sir, you're absolutely correct.
2 The advent of Silicon Valley and the Apples of the
3 world and their dress codes did have an impact, and it
4 was detrimental to our overall business, but again,
5 that seems to be kind of reversing itself as well
6 today. There are more and more people that are
7 starting to dress up again because it gives them more
8 business atmosphere in the offices, so more and more
9 employers are requesting that people go back to
10 dressing for work, dress for success rather than dress
11 for comfort.

12 COMMISSIONER JOHANSON: All Right. Thank
13 you for your response. I appreciate that.
14 Petitioners state that several of the U.S. companies
15 began hanger production as a result of the
16 implementation of the China anti-dumping order in
17 2008. Did this new U.S. production, by chance, lead
18 to a saturation in the U.S. market? Because I know
19 that a number of companies after those companies began
20 production, some went under? Yes, Mr. Magnus.

21 MR. MAGNUS: Milton Magnus with M&B Metal
22 Products. No, there were billions of hangers coming
23 from China, and when the dumping margin hit, those
24 went down drastically. There was plenty of room for
25 more domestic production.

1 MR. MAGRATH: And, Commissioner, to this
2 day, as I related in my testimony, the market share of
3 the U.S. industry is in the teens, so the great
4 majority of the market is imports, so there was
5 sufficient room for more producers to come in, and
6 they did. It's just they couldn't meet the price
7 levels of the unfair imports.

8 COMMISSIONER JOHANSON: All right. Thank
9 you for your response, and I would like to get back to
10 the issue of possible transshipments. I know that
11 Commissioner Pinkert spoke on this at some length with
12 you, Mr. Waite, but the staff report at page 73 states
13 that hanger production machines are mobile and easily
14 transported and relocated . Do you have any evidence
15 whether or not this has occurred, and if that is
16 indeed the case that they can be easily transported to
17 new locations? Yes, Mr. Waite.

18 MR. WAITE: Thank you, Commissioner
19 Johanson. Let me address the first part of your
20 question from more of a legal perspective, but I think
21 you may want to hear from the industry representatives
22 on the ease with which hanger machinery can be moved,
23 set up, sourcing of raw materials, et cetera. In
24 terms of the movement of production facilities, which,
25 as you mentioned, the Commission addressed in the

1 prehearing staff report, we do have some very clear
2 examples of that from your sister agency, the
3 Department of Commerce.

4 After the order was imposed on China, as a
5 number of the Commissioners have already noted, there
6 was a rapid buildup of imports from Vietnam and
7 Taiwan. In the case of Vietnam, we had information
8 that two of those producers were, in fact,
9 circumventing the order on China, not transshipping.
10 There's a subtle distinction here. Transshipping is
11 when Chinese hangers are simply either relabeled or
12 reboxed as made in Timbuktu and then shipped to the
13 United States, as you know.

14 Circumvention means that there is some
15 assembly or manufacturing operation in a third country
16 which may or may not transform the product into a new
17 product from that third county. In the case of
18 Vietnam, as I said, we had evidence of two companies,
19 Angang and Quyky, of circumventing, and what they were
20 doing, they were set up by Chinese hanger producers,
21 and they were importing into Vietnam components of
22 hangers and assembling them. If I could use an
23 example, Commissioner Johanson?

24 On product No. 4, the strut hanger, the wire
25 part was fully formed and painted and shipped to

1 Vietnam in boxes. The strut or cardboard bar on the
2 bottom were also made in China and put in different
3 boxes and sent to Vietnam, and these two companies
4 would receive those boxes, and along long tables, and
5 we had photographs which appeared in some of the
6 materials that you've already seen in this case, and
7 Vietnamese workers would take the metal hanger piece
8 from one box, the strut from the other, put them
9 together and put them in a box and label it made in
10 Vietnam.

11 The Commerce Department investigated that,
12 and they found in fact, that that was circumvention,
13 that the processing that was going on was not
14 sufficient to change the country of origin, but at the
15 same time in that investigation, the Commerce
16 Department found in the case Angang, which actually
17 responded and provided information, they'd also set up
18 new production facilities at their plant.

19 They were actually buying wire rod and wire
20 and making hangers from scratch, so you had companies
21 in Vietnam that were sort of transitioning from buying
22 the components and putting them together to making the
23 hangers from scratch, and I think that may, in part,
24 answer your question of how easy is it to move this
25 production because it was actually done in two steps.

1 In the initial step, it requires very little
2 investment to get an industrial space with a lot of
3 tables and a lot of workers to assemble this.

4 At the same time, they were putting in
5 breakdown equipment to take wire rod into wire. They
6 were putting into place straightening machines,
7 forming machines. We're not sure whether they were
8 actually making the cardboard components at the plant,
9 but they were making the hangers that were entirely
10 wire hangers as well as caped hangers. Now, maybe the
11 members can respond to your question about how easy it
12 is to move this equipment and set it up?

13 COMMISSIONER JOHANSON: If you could do so
14 briefly, that would be fine. My time's expired, but
15 just if you could talk for a few seconds, the would be
16 okay.

17 MR. CROWDER: Roger Crowder, Indy Hanger.
18 To give you an example, we moved from one building to
19 the next building with our original six hanger
20 machines, and over the period of one weekend, meaning
21 we shut production down on Friday night, moved
22 Saturday, Sunday. Monday morning we were producing
23 hangers in our new facility with our dipping line,
24 everything was up and running, so in the period of one
25 weekend.

1 We only moved from one location to 30 blocks
2 away. I mean, we only moved in town, but very simply
3 put, you could disassemble our machines, move them,
4 reassemble them into a new location very rapidly.

5 COMMISSIONER JOHANSON: All right. Thank
6 you. That's a good illustration, and thank you for
7 that. My time is expired.

8 CHAIRMAN WILLIAMSON: Thank you.
9 Commissioner Broadbent.

10 COMMISSIONER BROADBENT: Thank you, and
11 thanks very much for all of your information you
12 brought today. This is a question for Dr. Magrath.
13 I'm looking at Chart 3. Chart 3 shows a steady trend
14 throughout the period of investigation where U.S. unit
15 values are higher than a time when these imports, and
16 especially of the Vietnamese imports. If price is
17 important for purchasers' decision, how have you been
18 able to maintain this higher U.S. price? I'm not
19 seeing as much downward pressure on prices as maybe in
20 some other cases.

21 MR. MAGRATH: The key thing we want to say
22 in terms of these trends is that U.S. producers were
23 experiencing this injury all along. They were injured
24 in 2009. They were injured in 2010 and 2011. You may
25 not see dramatic increases. You certainly don't in

1 the profit levels, and I think that maybe Robbie can
2 talk to this.

3 COMMISSIONER BROADBENT: Increases or
4 decreases, we don't see --

5 MR. MAGRATH: Yes, we do see a lot of
6 increases except for the one key variable of operating
7 profits where they are red all along. Now, they can
8 maintain these prices, but they are on a very much
9 reduced volume as we've been talking about. Their
10 market share is only in the teens, so that is a direct
11 result of this volume. If they had gone down as they
12 do on individual sales to try to meet import prices,
13 they don't stay in business very long, so I think it's
14 a combination of the two.

15 They both cannot go down to meet these
16 import prices without losing money, so they try to
17 maintain their pricing level, but it hurts them in
18 terms of their volume, their market share in the
19 market.

20 COMMISSIONER BROADBENT: But the market
21 share hasn't really decreased, right?

22 MR. MAGRATH: The market share is in the
23 teens. Again, these trends don't mean that much, I
24 mean, when you're drowning. I mean, if you're a
25 drowning man in 20 feet of water, and you manage to

1 struggle up to be a drowning man in 8 feet of water,
2 you're still drowning, and that's the story of these
3 prices that are suppressed all along, and that's the
4 story of these prices where there's been price
5 depression all along, and we refer you again to the
6 many, many, many lost sales revenues that showed
7 underselling and showed price depression or is
8 evidence of price depression.

9 COMMISSIONER BROADBENT: Okay. Let's see.
10 You were talking a bit about Commerce's affirmative
11 anti-circumvention determination. I think you had
12 mentioned that, particularly China's hangers being
13 transshipped or circumvented through Vietnam. How
14 should the Commission take this determination by
15 Commerce into account here with respect to the threat
16 analysis?

17 MR. WAITE: This is Fred Waite. I don't
18 believe I understand your question, Commissioner
19 Broadbent.

20 COMMISSIONER BROADBENT: How about the
21 volume analysis?

22 MR. WAITE: Well, the Commerce determination
23 on circumvention is history, and the imports of the
24 two producers who were the subject of the anti-
25 circumvention investigation are subject to the anti-

1 dumping order and margins on China because the
2 Commerce Department found that their hanger exports to
3 the United States were circumventing the Chinese
4 order, and that was the case even though the Commerce
5 Department found that one of those producers was
6 actually making its own hangers.

7 The Commerce Department never quantified the
8 amounts of hangers, at least not in the public record,
9 that were being exported as the result of
10 circumvention and the quantity of hangers that was
11 being exported as the result of actual production in
12 Vietnam, so in terms of your question, how does the
13 Commerce Department determination in the anti-
14 circumvention case affect the threat analysis?

15 I suppose one answer could be I'm not sure
16 because the threat analysis would be on hangers
17 produced in the subject countries, not hangers
18 produced in China, and the threat analysis of the
19 hangers produced in the subject countries would turn
20 on, for example, the unused capacity of the producers
21 in those countries, for example.

22 We have submitted information, again because
23 of the paucity of the responses of foreign producers
24 in both subject countries, our best estimates based on
25 solid data that's available from official channels to

1 project what capacity and what unused capacity in both
2 countries is. We would also point out that in the few
3 responses that you received from Vietnamese producers,
4 please look at their trade data tables and look at
5 what their capacity numbers are and what they project
6 their capacity numbers to become.

7 Those numbers, from just a few companies,
8 are simply astonishing and track very closely with our
9 projections. I'm not sure I answered your question.

10 COMMISSIONER BROADBENT: No, that was good.
11 Thank you. It was not a completely clear question.
12 Let's see. Can you talk a little bit in terms of
13 cumulation, how do you deal with cumulation? What
14 would you advise us to do on the threat analysis?

15 MR. WAITE: In terms of present material
16 injury?

17 COMMISSIONER BROADBENT: Yes.

18 MR. WAITE: In terms of present material
19 injury, I think the staff report addresses each of the
20 factors that the Commission normally considers in
21 deciding whether to cumulate imports from subject
22 countries. The first criteria, of course, is that the
23 petitions be filed on the same day, which they were,
24 and on the same product. Then, there are a number of
25 other factors that the Commission normally considers,

1 such as interchangeability, presence in the market,
2 geographic overlap, channels of distribution.

3 Again, as the staff report shows, in the
4 case of both Taiwan and Vietnam, all of those factors
5 are established by the record. The hangers are
6 interchangeable from the two countries as well as with
7 those manufactured in the United States. There is
8 geographic overlap. Imports from Vietnam enter the
9 United States through all four of our coastlines. You
10 may not realize we have four coastlines, East, West,
11 Gulf and Great Lakes.

12 COMMISSIONER BROADBENT: Okay.

13 MR. WAITE: Imports from Taiwan enter
14 through East Coast, West Coast and Great Lakes, and
15 they're present throughout the country, geographic
16 overlap.

17 COMMISSIONER BROADBENT: Okay. That's okay.
18 I'm just kind of running out of time a little bit
19 here.

20 MR. WAITE: Okay.

21 COMMISSIONER BROADBENT: If I could do one
22 more question, I'd appreciate it. The President
23 considered a 421 investigation in 2003, and they did
24 not impose a trade remedy. There was some trade
25 adjustment assistance there, I think, citing that

1 there was a likelihood that imports would continue to
2 increase from other countries based on how the market
3 looked. Following the imposition of anti-dumping
4 duties on imports of hangers in China in 2008, imports
5 from Taiwan and Vietnam increased just as the
6 President had predicted.

7 You argue in your prehearing brief that in
8 Vietnam it was easy to quickly increase production to
9 the point where Vietnamese producers were able to grab
10 a substantial market share. How does this industry
11 hope to compete against additional third-country
12 exports in the U.S. market if they ramp up production
13 as we've been observing in Vietnam and other
14 countries?

15 MR. WAITE: That's an excellent question. I
16 would first point out that the standard that President
17 Bush used in the 421 case is the statutory standard,
18 and one of the factors that he is to consider is
19 whether or not there are other producers, whether or
20 not the economy as a whole would be impacted, and when
21 you recited his decision, he relied heavily on those
22 factors. Those are not factors that apply in Title
23 VII cases.

24 We've seen, and you've seen, any number of
25 cases where an American industry brings a trade action

1 against Country A, or Countries A, B and C, receives
2 relief and then is back before you, two, three, four
3 years later against Countries D, E and F, and that,
4 unfortunately for U.S. industries, is a pattern that
5 is often followed. You receive relief. You induce a
6 number of countries to trade fairly under the
7 international trade regime, and then other countries
8 enter, some of them trading unfairly. What's the U.S.
9 industry to do? It's to respond by using the tools
10 available to us.

11 Then, secondly, I would point out at some
12 point there will be no third countries left to export
13 hangers to the United States, certainly on the massive
14 scale that you've seen from China, Vietnam and Taiwan.
15 Why is that? Well, first of all, any first-world
16 country is going to have a cost structure very similar
17 to the U.S. producers, in fact probably inferior to
18 the U.S. producers given the great gains in
19 productivity that Commissioner Pearson referred to
20 earlier, and also if you're shipping hangers from
21 Italy or Japan, you're paying enormous amounts in
22 ocean freight in relation to the value of the product.

23 In order to be in the hanger industry, sure
24 the equipment can be moved relatively easily,
25 particularly compared with some other industries, but

1 you still need an infrastructure. You need a
2 transportation infrastructure. You need to be able to
3 get the raw materials. You need a skilled workforce.
4 Vietnam, as I read in the papers, is developing a lot
5 of those characteristics and becoming quite an
6 economic powerhouse in Southeast Asia. Taiwan
7 obviously has those capabilities, and China has them
8 in spades.

9 Countries like Bangladesh and Sri Lanka,
10 even Pakistan given its internal issues, Mongolia
11 simply don't have those infrastructures to even set up
12 an industry like this. If they had, they would be in
13 this industry.

14 COMMISSIONER BROADBENT: Just to clarify,
15 you're expecting a lot of additional cases or not a
16 lot of additional cases in the future?

17 MR. WAITE: No, no. I'm sorry,
18 Commissioner. No, my point was that at some point,
19 the number of potential suppliers at the quantities
20 that we're talking about, hundreds of millions, if not
21 billions, of hangers are simply not there either for
22 their own internal economic constraints or because
23 they will not have the infrastructure, the capacity,
24 to set up an industry like this.

25 COMMISSIONER BROADBENT: Okay. Thank you.

1 CHAIRMAN WILLIAMSON: Thank you. I guess
2 what you're saying is there's limited size to the
3 Whack a Mole machine.

4 MR. WAITE: It is like Whack a Mole, Mr.
5 Chairman, yes.

6 CHAIRMAN WILLIAMSON: Okay. You addressed
7 the question of cumulation. If the Commission were to
8 reach a threat analysis or consider threat, I don't
9 think you addressed the question of how we would do
10 cumulation in that case.

11 MR. WAITE: No, we've not addressed that,
12 Mr. Chairman, either here or in our brief because we
13 don't understand, well I don't understand, Pat Magrath
14 can address this further, a threat analysis in this
15 case. This is an industry that's being devastated,
16 has been devastated throughout the period by unfairly
17 traded imports, but if we look at a threat analysis at
18 the factors, one is, of course, similar import trends
19 from the subject countries.

20 Until this mysterious change in Taiwanese
21 imports in the middle of 2011, imports from both
22 countries were following very similar trends ramping
23 up sales and shipments to the United States at
24 prodigious levels and at very accelerated rates.

25 CHAIRMAN WILLIAMSON: Okay. I'm just going

1 to cut you off to say I have a number of other
2 questions, so maybe you want to respond briefly and
3 just address in post hearing.

4 MR. WAITE: We can do that if you prefer,
5 Mr. Chairman.

6 CHAIRMAN WILLIAMSON: Okay. Is there
7 anything significant that we should be thinking about?

8 MR. WAITE: Well, I think in terms of the
9 price suppression and the price depression, we've
10 talked about that a great deal, and of course, that's
11 a factor that the Commission considers also in
12 cumulation and threat circumstances.

13 MR. MAGRATH: If I could interject one quick
14 comment?

15 CHAIRMAN WILLIAMSON: Sure.

16 MR. MAGRATH: In terms of evaluating these
17 two countries individually, neither we nor the staff
18 has the data points to do any analysis on Taiwan.
19 There are practically no prices, and we don't have any
20 foreign producers questionnaires from Taiwan. We
21 think we've gauged their unused capacity pretty well,
22 but all these questions about unused capacity, the
23 modernization of their plants, et cetera, we don't
24 have the data and neither do you, so what do we do?

25 CHAIRMAN WILLIAMSON: Okay. So is there not

1 a threat, or they are a threat? Okay. Fine. Well,
2 if you have any additional thoughts post hearing, I
3 would appreciate seeing that. We've talked about
4 demand a lot, but no one's mentioned the word
5 recycling, and I was wondering whether or not that
6 plays a role, and I have personal experience. When I
7 first came here, I used to take the hangers back, and
8 the cleaner said we don't want to clean them.

9 After our first case, they began to take
10 them back. I don't know if they use them again, but
11 they're not taking them back and saying thank you, so
12 I was just curious whether or not recycling of hangers
13 plays any role in demand?

14 MR. FREEMAN: Robbie Freeman, Phenix Supply.
15 We have a percentage of our customers that do
16 participate in recycling or reuse programs to where
17 they actually request the customers to bring them
18 back. We sell boxes and bags for the hangers to be
19 brought back in for our customers to give to their
20 customers. It's a very, very small percentage of
21 interest in the American public in taking the hangers
22 back and reusing them again.

23 Some of hangers you really wouldn't want
24 your dry cleaner to reuse the hangers with the paper
25 on there after they've been in somebody else's

1 clothes, somebody else's closet, in somebody else's
2 dirty clothes bag to be brought back. In a lot of
3 cases of those cases, you really want your clean
4 garment put back on it.

5 CHAIRMAN WILLIAMSON: You mean, they don't
6 clean them or something like that?

7 MR. FREEMAN: There's no way to clean the
8 paper.

9 CHAIRMAN WILLIAMSON: Paper. Okay. Yes.

10 MR. FREEMAN: The wire itself can be reused,
11 and some customers do that, but it's not a big
12 movement in the industry to do it, and so it hasn't
13 been very successful. You are correct in saying that
14 right after the 2008 decision, there was a bigger push
15 during that time because of the number of hangers that
16 were taken from the marketplace at that particular
17 point, and we sold a lot of recycle bags and recycle
18 signs during that period of time.

19 CHAIRMAN WILLIAMSON: Okay. Good. So it
20 makes me feel good. I can keep doing it, but don't
21 expect it to have an impact on demand. Thank you.
22 Wow. Okay. I was just curious, and this kind of
23 relates to the threat question. Since the subject
24 imports from Taiwan mostly oversold domestic products
25 and their volume declined towards the end of the POI,

1 so are these imports really a problem?

2 MR. MAGRATH: Now reiterating what I said,
3 there are very few data points on pricing, maybe a
4 couple, two or three, whereas on Vietnam, of course
5 you have all whatever it is, 26 data points by quarter
6 established, so it's going to be very tough with this
7 paucity of data to come to that conclusion, any
8 conclusion.

9 CHAIRMAN WILLIAMSON: Okay. Thank you.
10 Okay.

11 MR. MAGRATH: Sorry.

12 MR. MAGNUS: This is Milton Magnus with M&B?

13 CHAIRMAN WILLIAMSON: Okay. Mr. Magnus,
14 yes.

15 MR. MAGNUS: I'd like to respond to that.

16 CHAIRMAN WILLIAMSON: Sure.

17 MR. MAGNUS: Phenix Supply is a very good
18 customer of ours, and we would not be able to meet the
19 Taiwanese pricing that they were getting to be able to
20 sell on the hangers. They bought Taiwanese hangers
21 instead of M&B hangers during the period because of
22 the low price.

23 CHAIRMAN WILLIAMSON: Okay. Okay. So
24 you're saying if they're in the market, there would be
25 a problem.

1 MR. MAGNUS: If they're in the market,
2 they're definitely a problem, yes, sir.

3 CHAIRMAN WILLIAMSON: Okay. Thank you. I
4 think I know the answer to this, but are you basically
5 saying that the hangers in the industrial market are
6 more profitable than the dry cleaning market, or just
7 that it was easier to compete against the imports in
8 that area?

9 MR. CROWDER: Roger Crowder. They're not
10 more profitable. Just for us, they eliminate a
11 section of profitability that goes to distributor, so
12 we lower our price down. They are very, very
13 competitive at the industrial marketing spot, but it
14 allows us volume. In our case, it allows credit card
15 runs, so we had cash flow. It allowed us a lot of
16 things that the dry cleaning industry didn't allow us,
17 so it's not more profitable. It's still very, very
18 tight margins on the industrial side as in the dry
19 cleaning side for the manufacturer.

20 CHAIRMAN WILLIAMSON: Okay. Thank you for
21 that clarification. Towards the end of the POI in
22 2011 and entering into 2012, the domestic industry
23 shipments rose while subject imports fell. However,
24 the industry remained unprofitable. How do you
25 explain this disconnect?

1 MR. MAGRATH: Well, as I've stated before,
2 the industry's been injured all along, and their
3 prices stayed the same. Their shipments may have gone
4 up, production may have gone up. You just heard here
5 that they produce more volume, and this is Indy
6 Hanger, they produce more volume, but they continue to
7 lose money. I think the idea's out there, pardon me,
8 but I think the idea's our there that you lose money.

9 Okay. You guys are losing money on every
10 hanger, but you're going to make it up on volume. I
11 mean, obviously that's not true. The more you
12 produce, the more you drive yourself downward, so I
13 think we would dispute that implied argument.

14 MR. WAITE: Mr. Chairman?

15 CHAIRMAN WILLIAMSON: Yes.

16 MR. WAITE: Imports during the interim 2012
17 period are lower than imports during the corresponding
18 period in 2011. That is correct, but imports
19 annualized for 2012 are still greater than they were
20 in 2009, so you still had an enormous volume of
21 imports coming in during the interim period even
22 though it was falling off as a result of the case, and
23 indeed, if one looks at monthly import figures,
24 particularly with Vietnam, you see that they continued
25 at very high levels during the initial months of 2012.

1 As the Commerce Department approached its
2 preliminary determinations in the countervailing and
3 anti-dumping investigations, they began to trail down
4 until in August, imports from Vietnam really declined
5 dramatically because you had the Commerce Department's
6 preliminary dumping determination with margins well in
7 excess of 100 percent for every Vietnamese producer /
8 exporter.

9 CHAIRMAN WILLIAMSON: Okay. Thank you.
10 This is for M&B, and you may want to use this post
11 hearing. When was the last time that your firm earned
12 what would be considered a reasonable profit margin on
13 steel wire hangers?

14 MR. MAGNUS: This is Milton Magnus. We'll
15 do it in the post hearing.

16 CHAIRMAN WILLIAMSON: Sure. Okay. Thank
17 you. Okay. My time is about to expire, so
18 Commissioner Pearson?

19 COMMISSIONER PEARSON: Thank you, Mr.
20 Chairman. Dr. Magrath, let me go back to the question
21 I was raising earlier about basically whether this is
22 a better cause regarding causation for present injury
23 or whether it's better as a threat case? There's a
24 lot on this record that we kind of have to explain
25 away if we're going to make a determination on present

1 injury, don't you think?

2 MR. MAGRATH: No. We think that this case
3 is clearly present injury.

4 COMMISSIONER PEARSON: You think?

5 MR. MAGRATH: Yes.

6 COMMISSIONER PEARSON: Stronger on present
7 injury than on threat?

8 MR. MAGRATH: Yes, stronger on present
9 injury than on threat because all these variables,
10 some of which you've listed and have gone up, I mean,
11 what does it profit you if you're losing money?
12 That's where I came in with my analogy of the drowning
13 man.

14 COMMISSIONER PEARSON: Right. Right. But
15 we tend to do a trends analysis here, and if you look
16 at the trends on this, we had a trend of increasing
17 subject imports and increasing industry results, okay?
18 So we're running those two trends right at each
19 other, and that's why I'm having a little bit of a
20 difficult time reaching the conclusion that an
21 increase in subject imports is causing injury to the
22 domestic industry in this period of investigation.

23 MR. MAGRATH: Well, there's also a provision
24 in the act, and if the lawyers want to talk about
25 this, they can, it's the hammering effect of imports.

1 This industry has been hurt all along, first by China
2 and then just the breathing room of a couple of months
3 before Taiwan and Vietnam came in, so again, it would
4 be frustrating, I think, to the Petitioners if an
5 industry like this that's been hurt all along and
6 doesn't have the trends if we were denied relief on
7 the basis that we didn't have any trends when we had
8 these losses in each period of the investigation.

9 MR. WAITE: Commissioner Pearson, if I may
10 also respond to that question?

11 COMMISSIONER PEARSON: Briefly.

12 MR. WAITE: Thank you. As I mentioned
13 earlier, the data you have before you on the U.S.
14 industry is not necessarily a complete picture because
15 there were a number of producers at the beginning of
16 the period whose production, shipments, sales are not
17 included, so if they were included, I think the trends
18 would be going in the direction that you would more
19 normally expect to see in a present material injury
20 case.

21 You also mentioned several factors including
22 increased productivity, lower unit values, et cetera.
23 Those were achieved, as Mr. Magnus explained and the
24 others explained, through very hard work and dedicated
25 efforts on their part to get their cost down, to

1 become as efficient and as competitive as they could.

2 You also mentioned the COGS level during the POI.

3 That was fairly steady, but it was steady at what I

4 would call a terminal level.

5 When you get an industry to a position where
6 it has been hammered, and now it has the opportunity
7 to recover because the largest portion of unfairly
8 traded imports should be exiting the market in place
9 of fairly traded imports, that is the China order, you
10 had these imports come in and drive companies out of
11 business and prevent the remaining survivors from
12 achieving the kinds of levels of production, shipment
13 and sale that they should have.

14 I mean, all of these levels that you see
15 that are steady or improving are anemic. They're from
16 very low levels, and you may be getting a
17 misimpression again because dead men tell no tales,
18 and the earlier producers' data is not included in
19 this.

20 COMMISSIONER PEARSON: Okay. Well, would
21 you consider non-subject imports, specifically those
22 from China and Mexico to be price competitive in the
23 U.S. market, and you may want to address this in the
24 post hearing because what I'd really like is your
25 assessment of the data we have in Appendix D, Table 1,

1 which it makes that price comparison, and it's all
2 confidential, but I'm trying to interpret that, and I
3 would be interested in how you interpret it.

4 MR. WAITE: We will do that, Commissioner
5 Pearson.

6 COMMISSIONER PEARSON: Okay. Now, there's
7 been a little discussion about the potential
8 relationship between non-subject imports from China
9 and subject imports from Taiwan. Is the increase in
10 non-subject imports from China a function of the
11 reduced anti-dumping duty rate that they got at
12 whatever point in the POI when that went into effect?

13 MR. WAITE: The short answer is yes. We
14 have addressed that in our prehearing brief, and there
15 are a number of moving parts, and if you'd like, I can
16 go through it very briefly to explain what we see on
17 the China case and what we foresee on the China case
18 in terms of China's ability to continue to ship large
19 quantities of hangers into the U.S. market.

20 COMMISSIONER PEARSON: Right. I'm
21 particularly interested in the potential effectiveness
22 of an order on Taiwan in the context in which the
23 anti-dumping duty rate on imports from China remains
24 relatively low. I mean, is there any effectiveness of
25 having an order on Taiwan in that instance?

1 MR. WAITE: Well, in terms of the order on
2 China, the rates will not remain low. As we have
3 pointed out, because of the nature of the Commerce
4 Department's practice in non-market economy cases,
5 such as China, a number of companies, as the result of
6 the first administrative review, saw their dumping
7 duty deposit rates go from either 187 percent or 55
8 percent down to less than two percent. There were 15
9 companies in that group.

10 In the second administrative review, the
11 Commerce Department found that six of those 15
12 companies will now receive the 187-percent margin
13 because they declined to cooperate. In the third
14 review that we're in right now, the Commerce
15 Department will issue its preliminary determination
16 later this month, and that determination will identify
17 six companies, including four new companies that have
18 the low margin, as being subject to the 187-percent
19 margin.

20 That will leave, as a result of the first
21 review where all of these companies had a low rate and
22 were shipping in, that will leave a handful of
23 companies with a low rate. Of that handful of
24 companies, three of them are treated by the Commerce
25 Department as the same company, and that company

1 received a 95-percent margin when it was investigated
2 in the original investigation, but received the two-
3 percent margin because it was a so-called separate
4 rate company and did not submit its data in the first
5 review.

6 One other company called Dingli, and we
7 expect in the fourth review, and Chairman mentioned
8 Whack a Mole, it does seem that way at times, by the
9 time the fourth review is over at the Commerce
10 Department, we know that of those 15 companies that
11 had the low margin, every other company has a margin
12 of 187 percent except one, and that's the western
13 oriented company that ships in, but all of these other
14 15 companies by the end of the fourth review are not
15 going to be able to ship because they're going to have
16 187 percent margins.

17 COMMISSIONER PEARSON: Okay. But the
18 information that I have available indicates that in
19 the third review, six of the Chinese exporters with
20 retain their low 1.7-, one-percent duty rate due to
21 withdrawal of a request that they be reviewed, so for
22 the reasonably foreseeable future, don't we have to
23 kind of assume that there will be half a dozen
24 companies with the ability to ship into the United
25 States relatively easily, albeit disciplined by the

1 order but at a low duty rate.

2 To go out to the fourth review, isn't that
3 getting a little speculative for us to make an
4 assumption about what will happen there?

5 MR. WAITE: Not at all, Commissioner
6 Pearson. In terms of the companies that will have a
7 two-percent rate or less than two-percent rate, the
8 reviews were withdrawn for those companies because
9 they didn't ship anything during the review period.
10 In other words, these are companies with low rates
11 that didn't ship anything. Two of them have resumed
12 shipping. The other four have not, and two of the
13 other four are trading companies, so who knows what
14 they will do? Of the ones that have resumed shipping,
15 as I said earlier, one of them was investigated in the
16 original investigation and a 90-percent dumping margin
17 when they were looked at, and they'll be looked at
18 again.

19 Also, and now we get into another aspect of
20 the Commerce Department's procedures, and that is the
21 retrospective assessment of anti-dumping duties.
22 These companies could ship in material at the two-
23 percent margin, but what's been the history? Those
24 companies that have been shipping in under two percent
25 as a result of reviews had their margins increased to

1 187 percent, which means the Commerce Department
2 instructs Customs go back to every importer who
3 brought in merchandise from that supplier during the
4 period of review at the less than two-percent margin,
5 and you give them a bill for 187 percent.

6 COMMISSIONER PEARSON: I understand the
7 process. My time's expired.

8 MR. WAITE: So it's not speculative. I
9 think it's real.

10 COMMISSIONER PEARSON: In post hearing, if
11 you could elaborate on that, that would be great.
12 Thanks.

13 MR. WAITE: We'd be happy to do that.

14 COMMISSIONER PEARSON: Thank you, Mr.
15 Chairman.

16 CHAIRMAN WILLIAMSON: Thank you.
17 Commissioner Aranoff?

18 COMMISSIONER ARANOFF: Thank you, Mr.
19 Chairman. I think I've heard the answer to this
20 question, but I just want to make sure that I'm clear
21 on it. You've indicated that aside from Chinese
22 imports that are under order but some of which have
23 been subject relatively low margins, there's no
24 substantial supply of non-subject imports except the
25 Mexican product that we're aware of, so given that the

1 Chinese products are subject to order, the Mexican
2 product has been pretty steady, preliminary is granted
3 against subject imports from Vietnam and Taiwan.

4 Now, normally you would see some kinds of
5 spikes in the data either pricing or production data
6 for the domestic industry. Does our period not go far
7 enough, or is it just because of those low rates on
8 some Chinese producers that we're not seeing that post
9 Commerce preliminary effect that you might expect in a
10 situation where there's not really any other sources
11 of supply to come into the market?

12 MR. WAITE: Commissioner Aranoff, I think
13 it's because the period doesn't go far enough. If one
14 looks at monthly import data of garment hangers,
15 imports through the end of June from Vietnam still
16 continue at high levels. It's only in August where
17 imports, which had been as high as almost 90 million
18 units in May, dropped to less than 5 million units.

19 Also, as Mr. Freeman testified, he found
20 during 2012 that product that he had ordered for
21 delivery in August and September was piggy-backed on
22 product that he had ordered for delivery in May and
23 June, so he was getting double deliveries, and he
24 explained what the impact of that was on the market in
25 terms of pricing and having to sell at low prices in

1 order to liquidate inventory because they didn't have
2 space for the additional hangers.

3 I think it's the timing why you haven't seen
4 a spike because again, when one looks at the monthly
5 data, it's not until August when the Commerce
6 Department issued its preliminary dumping
7 determination with triple-digit deposit rates that you
8 have seen hangers from Vietnam diminish the way you
9 would expect as the result of a remedy against
10 unfairly traded imports.

11 COMMISSIONER ARANOFF: Okay. Well, then let
12 me ask the producers. Gentlemen, since August, have
13 you seen an improvement in pricing?

14 MR. MAGNUS: This is Milton Magnus with M&B.
15 The pricing, our raw material cost has gone down
16 some, and we were not forced to pass that along, so
17 yes, we've seen some improvement in pricing that way
18 is when our costs go down, raw material cost, mainly
19 steel, has gone down. In the past, we would have had
20 to pass it along quickly, but no. We've been
21 fortunate enough to be able to keep our price the
22 same, and as Mr. Freeman testified earlier, our volume
23 has not increased because he was overstocked with
24 hangers, and so was every other distributor
25 overstocked with hangers because of the flood of

1 hangers coming in.

2 COMMISSIONER ARANOFF: Okay. Mr. Crowder,
3 Mr. Smith, what's your experience on price since the
4 end of the summer?

5 MR. SMITH: Well, we're primarily
6 industrial. Our pricing is always dictated by
7 imports. We walk a fine line. We've increased our
8 customer base, but we walk a fine line, a tight rope,
9 of what we can charge. We always charge more than
10 imports, but our current pricing, without saying too
11 much, it doesn't reflect our margin, so, I mean, the
12 imports, because of that tight rope, kill our margins,
13 I mean, so I'm still up against low, low import
14 pricing.

15 COMMISSIONER ARANOFF: Okay.

16 MR. SMITH: And I have to stay close to it.

17 COMMISSIONER ARANOFF: Okay. All right.

18 MR. SMITH: I have to sacrifice some of our
19 margins.

20 COMMISSIONER ARANOFF: Thanks. That's
21 helpful.

22 MR. FREEMAN: Commissioner Aranoff?

23 COMMISSIONER ARANOFF: Sure. Go ahead.

24 MR. FREEMAN: Robbie Freeman, Phenix Supply
25 Company. Just to respond to the producers ability to

1 do anything about pricing at this point? To this
2 point, there has been no improvement or increased
3 pricing on the street to the end users. Those prices
4 have remained the same, partially because, as I said
5 in my testimony earlier, most of us got an excess of
6 hangers that came in during the summer when sales are
7 the lowest, but we had more hangers than we could sell
8 at that particular point, and we're still selling out
9 of some of those in some cases. We're just now
10 starting to get in new shipments of hangers, but there
11 has been no change in our costing from any
12 manufacturer, so these guys can't raise their prices.
13 Generally, from Asia, a cost increase takes roughly
14 two to three months to become effective anyway because
15 of shipping times.

16 COMMISSIONER ARANOFF: Okay. All right.
17 Thank you. Dr. Magrath, in your direct testimony
18 earlier today, I think it was you who talked about
19 price suppression, and we were looking at the COGS to
20 net sales ratio, which is what the Commission usually
21 looks at, and your argument was it's been consistently
22 high, but the evidence doesn't show that it's been
23 increasing over the period.

24 Can you think of any other instances where
25 the Commission has found that a sufficient basis for

1 making a finding of price suppression? Normally, it
2 wouldn't be. Can you distinguish it because of the
3 situation with the prior case?

4 MR. MAGRATH: We'd have to research that for
5 the posthearing brief. Our argument is that, once
6 again, we've been injured all along, and it has been
7 well above 90 percent for the entire investigation,
8 and once you add on even a modest GS&A expense, you
9 find these companies in the red uniformly. Mr. Magnus
10 has testified that his wire rod pricing went down, but
11 it was not reflected because of the price suppression.

12 MR. WAITE: Commissioner Aranoff, yes, we
13 can respond to that question in the post hearing. I
14 believe in one of the Citric Acid cases there was a
15 similar pattern of high COGS to sales, but I don't
16 know whether you would call it improvement or
17 deterioration during the period; the ratios did not
18 increase.

19 COMMISSIONER ARANOFF: I think you're right
20 about that case, and I think that particular
21 interpretation got three votes, and I'm pretty sure I
22 wasn't one of them, but okay.

23 MR. WAITE: You can always reconsider.

24 COMMISSIONER ARANOFF: Fair enough. Just to
25 get some more understanding of the actual experience

1 day to day in the marketplace, I wanted to ask the
2 producers if you could describe to me today or in a
3 recent period if you are talking to a customer about a
4 sale, what does the pricing conversation sound like?
5 Do the customers ask for bids? Do they just call you
6 up and say what are you charging? How does that
7 conversation go?

8 MR. MAGNUS: This is Milton Magnus with M&B.
9 What normally happens is a customer says this is what
10 I can buy imported hangers for, and can you meet that
11 or can you come close to it? What can you do for me,
12 and then at that time, we have the decision whether to
13 make the sale, get close to it, see if that makes a
14 sale or walk away from it, and all three of the above
15 happen on a fairly regular basis.

16 COMMISSIONER ARANOFF: So when they call you
17 up and say this is what I can get them for, can you
18 meet that? Do you have to answer them right then on
19 the phone? Do you call them back later that
20 afternoon? Is it an extended discussion?

21 MR. MAGNUS: It happens all of above. A lot
22 of times we get a forwarded email from our customer
23 that says Milton, see the email below. This is what
24 we're being offered. Can you meet it, and then we
25 think about it and decide. If business is slow, is

1 this something we really want to do? Is it going to
2 affect our whole market, and then we make the decision
3 and call them back or email them back with yes, no or
4 maybe.

5 COMMISSIONER ARANOFF: Okay. Now, are these
6 sorts of forwarded emails and information from your
7 customers, is that your only source of information
8 about what imports are charging in the market, or are
9 there other ways that you can get information about
10 what other people are charging?

11 MR. MAGNUS: The way we get information is
12 from our customers, and it's either verbal or a letter
13 they've gotten or an email, and that's the way we get
14 information from our customers.

15 COMMISSIONER ARANOFF: And given the number
16 of sort of brokers with sort of not much roots that
17 are operating in this industry, particularly with
18 respect to imports, how seriously do you take these
19 forwarded emails? If you see one that's got a very
20 low price, you've never heard of the person offering
21 it before, do you say to yourself that's really
22 serious, I need to meet that, or do you say to
23 yourself where is this guy coming from?

24 MR. MAGNUS: If it's from somebody that
25 we've never heard of, we normally don't react to that,

1 but most of the emails that our customers send to us
2 that we react to are from people they normally buy
3 from.

4 COMMISSIONER ARANOFF: Okay. All right.
5 That's helpful. Mr. Smith, Mr. Crowder, do either one
6 of you want to comment on this?

7 MR. SMITH: Yes. Walt Smith, Indy Hanger.
8 I recently got a phone call direct from a VP of a
9 region, and he gave me an ultimatum, and it was a
10 reputable importer that was offering them the same
11 hanger at \$2 less a box, and that day, I had to decide
12 whether I would meet or beat that price if I wanted to
13 hang onto their 30 centers, so we met it and started
14 afterwards finding out that they couldn't supply. It
15 was a bad product, but that's the kind of pressure,
16 and for us, on the industrial side, a lot of times we
17 ship the same day, so if we get a call, somebody
18 challenging our price, we do have to decide that day
19 or they'll take their next shipment with somebody
20 else, so it is rough.

21 COMMISSIONER ARANOFF: Okay. Well, thank
22 you very much for those answers. I've gone a little
23 bit over my time, but I don't have any further
24 questions, so I do want to thank everyone on the panel
25 for your answers this morning. Thank you, Mr.

1 Chairman.

2 CHAIRMAN WILLIAMSON: Thank you.

3 Commissioner Pinkert?

4 COMMISSIONER PINKERT: Thank you, Mr.

5 Chairman. One of the issues that you raised in
6 connection with causation of material injury to the
7 domestic industry is the plant closures that have
8 occurred. Do you have or can you supply information
9 in the post hearing that ties those plant closures to
10 the impact of subject imports?

11 MR. WAITE: Commissioner Pinkert, it's Fred
12 Waite. We have tried to contact those companies that
13 have gone out of business and have been unsuccessful.
14 We did note when they got into the business. We did
15 note in the case of Shanti, in particular, who
16 participated in the China case, what their business
17 plans were in terms of expansion. We noted that they
18 went out of business generally consistent with the
19 surge of imports from Taiwan and Vietnam, but we have
20 not been able to contact them to have them respond to
21 the Commission as to the reasons for their decision to
22 close their companies.

23 COMMISSIONER PINKERT: Well, as you know,
24 Mr. Waite, we don't have strict rules against hearsay
25 here at the Commission, so I'm going to let other

1 folks on the panel answer the question as well. Mr.
2 Smith?

3 MR. SMITH: Walt Smith, Indy Hanger. I know
4 that early on our decision to move away from the dry
5 cleaning hanger, if we wouldn't have done that, we
6 would have been in the same boat because Shanti and
7 Great Plains Hangers were focused on dry cleaning
8 hangers, who they had to pay the middle man, the
9 distributor, their fee and on top try to maintain a
10 margin.

11 In our opinion, because of the low import
12 prices of that dry cleaning hanger, that's what we
13 feel like, and I've talked to Great Plains, the owner,
14 and he somewhat agrees that if they made a different
15 approach, like we changed immediately because we knew
16 we couldn't supply that hanger at that price, so
17 that's hearsay. That's our opinion. I mean, that's
18 truly what we think happened to those two companies.
19 They couldn't meet that price.

20 COMMISSIONER PINKERT: Mr. Magnus?

21 MR. MAGNUS: Milton Magnus, M&B. The newer
22 companies, I think they have to meet the Vietnamese
23 price or Taiwanese price dollar for dollar, penny for
24 penny because they haven't got track records with
25 their distributors like we did. We were able to

1 survive because at a very few points above that price
2 because we had a track record, and customers knew us,
3 but we couldn't survive at much more than that, and
4 they were new to the industry, and for people to get
5 to know them, they had to try to be pricing the same
6 as an import, and you can't survive there.

7 MR. CROWDER: Roger Crowder, Indy Hanger.
8 The other problem with a young company, we're all
9 businessmen, but with a young company, so many things
10 are happening all at once. In this industry, your
11 wire cost is so expensive, and you can almost dig
12 yourself a grave before you know you've dug yourself a
13 grave by the selling of a cheap box of hangers and
14 then not realizing that you've just sold a box two
15 dollars cheaper than what you just manufactured the
16 box for.

17 You can only do that for a very short period
18 of time, and if you're paying attention to shipping
19 and to getting people and making a good product and
20 everything, and you're not staying on top of that, it
21 will dig you a grave so fast that you don't really
22 realize it until you're out of money, and you can't
23 get wire anymore because you can't pay your wire bill.
24 So when you're starting up, there's so many things
25 going on that M&B and Milton, they all knew it.

1 They knew what to watch for, what the key
2 indicators are, and when you're starting up, you're
3 worried about making the hanger, making a good product
4 and all these things, and if you miss that one, it's a
5 killer, and it happens two, three, four weeks later,
6 and it's almost too late to recuperate.

7 COMMISSIONER PINKERT: Thank you. If in the
8 post hearing you're able to come up with any
9 additional information on that, it certainly would be
10 helpful. My next question also may be more
11 appropriate for post hearing. In looking at the
12 arguments about price depression, not price
13 suppression, but depression, one of the questions I
14 have is whether the subject import prices are leading
15 down the prices of the domestic industry?

16 I don't know that you can do the analysis
17 without including proprietary information, but in the
18 post hearing, if you can explain to me why what we
19 have in front of us suggests that the subject import
20 prices are leading down the domestic prices, I think
21 that would be helpful as well.

22 MR. WAITE: We will address that question in
23 our posthearing brief, Commissioner Pinkert.

24 COMMISSIONER PINKERT: Thank you. Finally,
25 this is a question for Dr. Magrath. To what extent

1 does the relative inelasticity of U.S. demand play a
2 role in the analysis that you're presenting here
3 today?

4 MR. MAGRATH: Well, if you had relief from
5 imports, the demand is relatively inelastic, so the
6 U.S. industry could be brought back to health if these
7 imports were controlled. That's with an inelastic
8 demand curve.

9 COMMISSIONER PINKERT: If that could also be
10 brought to bear on the questions about price effects,
11 I think that would be helpful. But again, that's more
12 for posthearing. And with that, I have no further
13 questions for the panel. I appreciate your testimony,
14 and I look forward to the additional information to be
15 supplied posthearing.

16 CHAIRMAN WILLIAMSON: Thank you.
17 Commissioner Johanson.

18 COMMISSIONER JOHANSON: Thank you, Mr.
19 Chairman. I have a basic question for you all.
20 Petitioners have stated that the U.S. market is by far
21 the largest market for garment hangers. Why is this,
22 and what other countries would qualify as major
23 consumers of hangers, if any other countries?

24 MR. WAITE: Even though I am not part of the
25 industry, Commissioner, I'd like to address that, and

1 then turn it over to the members. It seems, and
2 certainly from my travels, that we in the United
3 States and perhaps Canada are unique in the use of
4 steel wire garment hangers, particularly by
5 drycleaners, but also by industrial laundries.

6 For example, if you were to have drycleaning
7 done in most western European countries, you would
8 find that the garments are returned to you beautifully
9 folded in little wrapped packages. In some cases in
10 southern France, you can actually bring in your
11 hangers, and they will drape your clothing on your
12 hangers after they finish the process.

13 I think it's clear and been established in
14 the record of the China case and in this case the
15 United States is not only the largest consumer of
16 steel wire garment hangers in the world, it is almost
17 uniquely the only significant consumer. Now, sure,
18 hotels may use steel wire garment hangers overseas,
19 although in most of my travels, again you get very
20 nicely wrapped clothing when you leave it out for the
21 concierge.

22 But this is the market. And when you look
23 at the few responses that you have received from the
24 Vietnamese producers, you will see where they ship
25 their hangers, and they ship them here and essentially

1 nowhere else. But Milton and the others may have some
2 more industry views on that.

3 MR. MAGNUS: This is Milton Magnus with M&B.
4 To my knowledge, there is not a big textile rental
5 industry throughout the world that rents uniforms the
6 way the United States does, and that's a third of the
7 U.S. hanger consumption. And as Mr. Waite said, the
8 drycleaners in the rest of the world, they will either
9 fold or put them on a wooden or plastic hanger that
10 you brought back in.

11 COMMISSIONER JOHANSON: All right. Thank
12 you for your responses. I'd now like to turn to yet
13 another question on Taiwan. Prices of imports from
14 Taiwan were lower than those of U.S. producers in 1 --
15 40 quarterly comparisons. They oversold the domestic
16 product in the other 39 comparisons. And this is
17 found in the staff report at page 516.

18 Why is this pricing data not reliable in
19 your view? Yes, Mr. Waite?

20 MR. WAITE: If I may start with that,
21 Commissioner. First of all, the very limited
22 responses that you have from importers of hangers from
23 Taiwan, I believe the exact number is confidential,
24 but it's less than the number of fingers I have on my
25 left hand. What the Commission staff did say is that

1 those imports represented fewer than 5 percent of all
2 imports from Taiwan.

3 Secondly -- and we've made this point
4 repeatedly, that in the case of garment hangers, the
5 Commission has solid, credible data that it may not
6 have in many other cases through the official import
7 statistics that are collected by U.S. Customs and
8 promulgated by U.S. Census. And that is because there
9 is a specific, harmonized tariff, statistical
10 subheading down to ten digits that comprises only
11 steel wire garment hangers.

12 Now, let me hasten to say that there are a
13 few hangers in that classification that are not
14 subject merchandise. For example, we've seen from
15 Taiwan hangers that have a significant thickness, much
16 thicker than the hangers that are used by drycleaners
17 or industrial laundries, and that are chrome-plated.
18 Those are hangers that are sold at Target or Walmart
19 in packages of six or a dozen to consumers to use in
20 your closet. They're permanent hangers.

21 With that very limited exception, that very
22 small number, the vast bulk of hangers coming in under
23 7326.20.0020 are subject merchandise from Vietnam and
24 Taiwan, and those numbers I think give a very good
25 proxy or a very good substitute for the data that you

1 didn't receive from the Respondents in this
2 investigation.

3 And what that data shows when you use the
4 landed duty-paid value, which is the highest price
5 that Customs has because it includes not only the
6 price of the merchandise, but also the expense of the
7 transportation and insurance to get the product to the
8 port as well as the duty on the product.

9 When you look at those values and compare
10 them with the data that the Commission staff collected
11 from that very limited number of importers, it tells a
12 very different story. And if you want a control of
13 that, you can look at the AUVs for Vietnam, and you
14 will see that the AUVs for Vietnam using the same
15 methodology are strikingly similar, given that you
16 have specific products with different pricing in the
17 five pricing products. But in general, they are
18 strikingly similar to what you see in the data you
19 received from the importers of Vietnamese product.

20 MR. MAGRATH: It's our chart 3.

21 MR. WAITE: And Dr. Magrath reminds me
22 that's in chart 3. So that's how we tried to get at
23 this issue, Commissioner, given the fact that there is
24 so limited data and the fact that you've heard members
25 of the industry, you've heard customers testify,

1 you've seen purchaser questionnaire responses from
2 multiple purchasers emphasizing that the most
3 significant criterion for purchasing subject
4 merchandise, steel-wire garment hangers, is price.

5 So it is really inconceivable that on an
6 interchangeable, price-sensitive commodity product
7 that Taiwan would be overselling the United States
8 producers, Vietnam, China, and Mexico, according to
9 the staff report, and still being able to ship in a
10 quarter of a billion hangers a year.

11 MR. FREEMAN: Commissioner, you're asking --
12 Robbie Freeman, Phenix Supply Company. In our
13 experience, if we placed an order for this on the same
14 day for a container of hangers from Vietnam and one
15 from Taiwan, they would come in at the exact same
16 price, no variation. We would never have voluntarily
17 paid a higher price for hangers from Taiwan. So
18 prices are equivalent.

19 COMMISSIONER JOHANSON: All right. Thank
20 you for your responses. And I have yet another
21 question regarding Taiwan. Official import statistics
22 for Taiwan show a massive decline in subject imports
23 in 2011 and a further decline in interim 2012, and the
24 ITC's importer data shows a similar trend in the staff
25 report.

1 Given this sharp decline in imports from
2 Taiwan, do we have any idea what is happening with the
3 product produced in Taiwan or however it comes out of
4 Taiwan? I mean, it's like it hit a wall. There must
5 be some impact somewhere.

6 MR. WAITE: Commissioner Johanson, it's Fred
7 Waite again. As I mentioned earlier, we have no idea
8 why Taiwan ceased -- essentially ceased shipping
9 steel-wire garment hangers to the United States in the
10 middle of last year. And we don't know where those
11 hangers, if they're still being produced, have gone,
12 whether there is a lot of shuttered machinery in
13 Taiwan waiting for another opportunity, whether
14 machinery is being packed up and shipped somewhere
15 else. We're just not aware of the reason for the
16 fall-off, and we don't see any shipments from Taiwan
17 going to any other markets around the world.

18 And I just mentioned earlier about the
19 advantage we have in the United States of having a
20 unique, harmonized tariff number for garment hangers.
21 Unfortunately, we are the only country in the world
22 that has that unique tariff classification. So it's
23 not possible for us to look at Taiwanese import and
24 export data, for example, to see where garment hangers
25 are going because their garment hangers are classified

1 in a basket category that has everything from soup to
2 nuts. So we can't track where those hangers are
3 going, and we can't look at other countries' imports
4 to see if the hangers are showing up there.

5 COMMISSIONER JOHANSON: I thank you, Mr.
6 Waite, for your response. I have one more question,
7 but I think I'll wait until the next round, the final
8 round, since I only have about 25 seconds remaining.

9 CHAIRMAN WILLIAMSON: We're coming to the --
10 if you want to --

11 COMMISSIONER JOHANSON: I'll go ahead and
12 ask. Besides, I just have one more question. Given
13 the sharp decline in imports from Taiwan -- I think
14 it's like -- according to my notes here, it's a 98
15 percent decline compared to interim 2011 -- isn't it
16 somewhat difficult to argue that the U.S. industry is
17 threatened with material injury, and then in the
18 imminent future by imports from Taiwan? Yes, Mr.
19 Waite.

20 MR. WAITE: I would say just the opposite.
21 You have an industry that was shipping a third of a
22 billion hangers into the United States as recently as
23 2010. That capacity is somewhere, and much of it is
24 probably still in Taiwan. We don't know again because
25 we haven't received any responses. If that capacity

1 is in Taiwan, and there is no remedial action against
2 Taiwan, they just plug in the machines, call the
3 workers back, buy some wire rod or wire, and the
4 containers will start flowing across the Pacific
5 again.

6 I mean, they did show, as Vietnam showed, a
7 capacity to rapidly ramp up production and shipments
8 to the United States. Here they've already done it,
9 so they've got the infrastructure, the capacity, to do
10 it. So unless there is evidence, and I've not seen
11 any, and I don't think the Commission has either, that
12 this capacity has been destroyed or scrapped, it's
13 still there. And if there is no remedy, there is no
14 reason why it just won't start shipping a third of a
15 billion hangers into the United States again.

16 COMMISSIONER JOHANSON: All right. Thank
17 you for your response, and that concludes my
18 questions.

19 CHAIRMAN WILLIAMSON: Okay. Thank you.
20 Just a few questions. For critical circumstances, why
21 should the Commission do anything other than use its
22 traditional six-month comparison period?

23 MR. WAITE: Thank you, Mr. Chairman. If the
24 Commission uses the traditional six-month period --
25 and as a footnote, I would say in the staff report, as

1 we pointed out in our prehearing brief, the six-month
2 periods prior to and after filing the petition were
3 from June through November 2011, comparing it with the
4 December through May figures for 2012, if memory
5 serves. Actually, the period given the Commission's
6 normal practice would be to consider December as part
7 of the pre-petition period since we filed the
8 petitions on December 27th, and the Commission in any
9 number of cases has held in its analysis that if a
10 petition is filed toward the end of the month, in some
11 cases, you know, on the 20th of the month, that month
12 is considered pre-petition.

13 So although the staff report shows that
14 imports actually declined in the pre- and post-
15 petition period, we think if you move those two
16 months, you show an increase. So there is an increase
17 of imports after the case was filed. And we suggested
18 that the Commission consider five months because
19 again, in this case, you had the preliminary subsidy
20 determination from the Commerce Department come up in
21 June. So by that time you're going to have a pendency
22 impact of the case on imports. So those imports
23 coming in would naturally be impacted by the fact that
24 countervailing duty rates are being charged on
25 imports.

1 So that's why we suggested five months, but
2 six months is your tradition, and that's fine, too.

3 CHAIRMAN WILLIAMSON: Okay. So even if we
4 use your five-month period, the increase in the
5 subject imports was less than 20 percent. Have we
6 ever found critical circumstances with such an
7 increase?

8 MR. WAITE: That's difficult question to
9 answer, Mr. Chairman, because I have, I think, just
10 about all of the critical circumstances decisions the
11 Commission has made, and most of them you don't
12 quantify what the change was. But to answer your
13 question, all of the cases where the change was
14 quantified were more than 20 percent. You are
15 correct.

16 CHAIRMAN WILLIAMSON: Okay.

17 MR. WAITE: I don't know whether the cases
18 where the change was not quantified were below 20
19 percent.

20 CHAIRMAN WILLIAMSON: Okay. Well, anything
21 in posthearing to add to your arguments, we'll --

22 MR. WAITE: We shall do that.

23 CHAIRMAN WILLIAMSON: Okay. Thank you. I
24 was just wondering where the -- given that the U.S. is
25 really the only place that seems to use a lot of wire

1 hangers, where does the equipment come from? Is it
2 domestically designed and produced, or --

3 MR. MAGNUS: This is Milton Magnus with M&B.
4 We produce -- we design and produce our own machinery.

5 CHAIRMAN WILLIAMSON: Okay. So are the
6 producers in, say, China and Taiwan and Vietnam using
7 U.S.-designed machinery or --

8 MR. MAGNUS: Some of them are because of the
9 demise of the hanger industry in the early part of
10 this decade or century. But most of it or a lot of
11 them are Taiwanese-made machines.

12 CHAIRMAN WILLIAMSON: Okay. Thank you. Mr.
13 Smith, I think you referred to -- I'm sorry. Mr.
14 Freeman, excuse me. You had referred to something
15 about the spike last August where I guess you were
16 getting, say, earlier shipments arriving at the same
17 time as later shipments. And I wasn't sure I
18 understood exactly what you were referring to and what
19 was going on, or was there an explanation for why this
20 was happening?

21 MR. FREEMAN: Okay. Robbie Freeman, Phenix
22 Supply. What I was referring to was that we had been
23 placing our container orders for hangers to come in
24 from generally Vietnam, some Taiwan. But at this
25 particular time, it was taking us in the neighborhood

1 of 10 to 12 weeks on average for the shipments to show
2 up.

3 In June and July of this year, we received
4 containers that had been ordered anticipating coming
5 in, in August and September. They came in -- instead
6 of coming in in 10 or 12 weeks, they came in in 7 or 8
7 or 9 weeks. They came in much faster than normal. So
8 we wound up getting containers that were supposed to
9 come in two weeks coming in in the same week, and
10 sometimes the same day.

11 CHAIRMAN WILLIAMSON: Okay. I mean, is this
12 because there is a sudden surge in supply of
13 containers or --

14 MR. FREEMAN: It was between the first of
15 May and the first of August. There was decisions that
16 were made during that time period, those time periods,
17 that we anticipate was the reason they came in. They
18 came in faster to make sure they got in to our
19 possession prior to the first of August.

20 CHAIRMAN WILLIAMSON: Prior to the what?

21 MR. FREEMAN: The first of August.

22 CHAIRMAN WILLIAMSON: Okay.

23 MR. FREEMAN: August the fourth, I believe,
24 was the decision that was announced from up here.

25 CHAIRMAN WILLIAMSON: Okay, okay. I was

1 just wondering because you made reference to it, but I
2 wasn't sure exactly why --

3 MR. FREEMAN: We got overloaded with
4 containers during the process of the decision-making.

5 CHAIRMAN WILLIAMSON: Okay. So people are
6 just trying to avoid the impact of the --

7 MR. FREEMAN: Correct.

8 CHAIRMAN WILLIAMSON: -- decision.

9 MR. FREEMAN: That was our impression.

10 CHAIRMAN WILLIAMSON: Okay. Does anyone
11 else want to add anything to that? Okay. We're
12 running out of time, so I don't want to go long into
13 this, but, Mr. Pedelty, I was wondering, you sound
14 almost like the Pony Express rider who kept getting
15 his horse shot out from underneath him, as you kept
16 talking about these companies going under. And you
17 really haven't said much today.

18 I was just wondering, since the U.S. seems
19 to be -- do you have any idea why we've gotten in the
20 habit of using steel-wire hangers, and nobody else in
21 the world has? I mean, you've known the industry for
22 such a long time. I was just curious about this, and
23 particularly given, you know, the change in our
24 population. You know, we're now consuming a lot more
25 salsa than ketchup, but we're not folding clothes.

1 MR. PEDELTY: You know, when I entered --
2 Steve Pedelty with M&B. When I entered the industry
3 in '82, you know, there was still a lot of clothes
4 folded in this industry, particularly on the uniform
5 side, where they would have big tables with lots of
6 employees folding and tie a string around them. And
7 really the hanger made that industry very efficient,
8 and it became a product they had to have once they put
9 in the conveyers and, you know, the clothes go through
10 the tunnel, a steam tunnel, and get dried.

11 So the uniform people have to use a hanger.
12 And I think the drycleaners to some degree, it saves
13 them labor also. And you're right. I have been shot
14 off the horse with several companies, and it's not a
15 pleasant ride. But, you know, unfortunately, in
16 almost every one of those cases, it was old,
17 established companies that had assets that we could
18 not compete. And, you know, Mr. Magnus talked about
19 the pricing. You know, we get the prices given to us
20 daily, weekly that we can match. And I would say the
21 majority of the time we can't match it and make a
22 profit. So it forces some tough decisions.

23 CHAIRMAN WILLIAMSON: Okay. Thank you for
24 that insight. Now I understand how the industry
25 developed and why it developed. Good. I actually

1 have no further questions. So I guess, Commissioner
2 Pearson --

3 COMMISSIONER PEARSON: Thank you, Mr.
4 Chairman. I have just a couple of questions dealing
5 with threat. Dr. Magrath, you had mentioned that we
6 have incomplete information regarding the industries
7 in the two subject countries. And I'll grant that.
8 But on this record we do have relatively clear
9 differences in both of the volume and price trends for
10 imports from the two countries.

11 And my question is are those differing
12 trends sufficient to decumulate those two countries in
13 a threat analysis?

14 MR. MAGRATH: Let me -- in other words, one
15 is going up, and one is going down.

16 COMMISSIONER PEARSON: Yes.

17 MR. MAGRATH: Commissioner, I don't think
18 that in an investigation where you have a commodity
19 type undifferentiated product that both imports from
20 both sources go into the same channels of
21 distribution, that the purchasers have told you that
22 the only variable among all of the hangers, including
23 the U.S. hangers, is price, I don't think it would be
24 proper to decumulate these imports for purposes of
25 threat.

1 COMMISSIONER PEARSON: Okay. Well, we have
2 been known to do that at times in the past, so that is
3 why I was asking. My other question, we talked
4 earlier about the relatively low antidumping duty
5 margin currently on the Chinese imports. And if that
6 continues through the third administrative review,
7 where we have a meaningful number of companies in
8 China able to have access to the U.S. market at quite
9 a low duty rate, doesn't this suggest that there is
10 relatively little likelihood that there would be an
11 uptrend in imports from Taiwan or a surge of imports
12 from Taiwan, again getting to cumulation for purposes
13 of threat? Mr. Waite?

14 MR. WAITE: Very interesting question, and
15 one that I think requires speculation, guesswork and
16 estimates, and I think that's what -- and one that you
17 and I are trying to get our arms around. Once again,
18 I would say that if one acknowledges the nature of the
19 U.S. Commerce Department's process, I believe that
20 even though there are remaining -- and will remain
21 after the third review some Chinese companies with a
22 very low margin -- a fraction of the companies that
23 were at that low margin after the first review, that
24 there are constraints on them, and that those
25 constraints include the retrospective assessment of

1 duties to find customers who are willing to take a
2 risk that those companies which historically when
3 they've been investigated have enormous margins to
4 tell an importer, well, you go ahead and buy this and
5 deposit less than 2 percent, and don't worry that in
6 two years you're going to be bankrupt because the
7 Customs Service is going to come back to you with a
8 bill for almost 200 percent or twice the value of what
9 I'm selling to you now.

10 And also, we don't know what is driving the
11 Taiwanese industry at the moment, you know, why
12 they're not shipping. And that's particularly
13 difficult, I think, Commissioner Pearson, because of
14 the nature of the relationships among some of the
15 Taiwanese producers and some of the Chinese interests,
16 and what decisions are being made at, say, more of a
17 corporate level, where we'll ship from China because
18 we can ship large quantities now. We don't have to
19 worry, and perhaps if there is no action taken on
20 Taiwan we can then resume our production and shipments
21 out of Taiwan in that environment.

22 So, I mean, I'm struggling like all of you,
23 and what do you do with a record where you have a no-
24 show from one of the responding countries?

25 COMMISSIONER PEARSON: Dr. Magrath.

1 MR. MAGRATH: Commissioner Pearson, I don't
2 know if the Commission wants to send out a signal that
3 you can be -- you can get away with -- you don't get
4 an affirmative, and you get decumulated in a threat
5 determination by not showing up. You know, Mr. Waite
6 and I and the rest of the panel have struggled with
7 this Taiwan question, that basically they didn't show
8 up. And I hope there isn't a bias that because they
9 didn't show up, because they didn't show, you know,
10 great underselling, and there are only a couple of
11 lost sales, lost revenue examples, well, that means
12 that they get a negative determination.

13 COMMISSIONER PEARSON: Your point is well
14 taken. I think we're all with wrestling with what
15 exactly to make of this record. And I appreciate your
16 efforts to clarify some of the issues, and I'd like to
17 thank all members of the panel for coming here and
18 being with us today.

19 Mr. Chairman, I have no further questions.

20 CHAIRMAN WILLIAMSON: Do any other
21 commissioners have any further questions?

22 (No response.)

23 CHAIRMAN WILLIAMSON: Does staff have
24 questions for this panel?

25 MS. HAINES: Elizabeth Haines. Staff has no

1 questions.

2 CHAIRMAN WILLIAMSON: Okay. Thank you. Do
3 Respondents have any questions for this panel?

4 MR. BROPHY: No questions.

5 CHAIRMAN WILLIAMSON: Good, okay. Well,
6 given the number of witnesses we have this afternoon,
7 I think we will just keep on going, and we'll dismiss
8 this panel. I want to thank you all for your time in
9 coming and answering all of our questions. And we'll
10 ask the Respondent panel to come forth.

11 (Pause)

12 CHAIRMAN WILLIAMSON: Okay. Mr. Brophy?
13 Well, I'm sorry.

14 (Pause)

15 CHAIRMAN WILLIAMSON: Mr. Brophy, you may
16 begin.

17 MR. BROPHY: Thank you very much. Hopefully
18 we'll have an early afternoon. Steve Brophy again,
19 Barnes, Richardson & Colburn, again making a
20 presentation on critical circumstances.

21 In making a critical circumstances
22 determination, the Commission's practice is to examine
23 the six months before and after the petition to
24 determine if there is an increase in subject imports,
25 and in some cases the Commission has used a seven-

1 month period when the petition was filed late in the
2 month.

3 The data presented in the staff report
4 demonstrates that imports from Vietnam decreased by
5 0.1 percent using the six-month period. If the
6 Commission looks at a seven-month period, imports
7 decline by 12 percent. Petitioners have advocated a
8 5-month comparison period, and shifting December into
9 the pre-petition month period.

10 Even using this methodology, however, an
11 affirmative critical circumstances determination is
12 not warranted. Using Petitioner's methodology yields
13 a 19.6 percent increase. However, the Commission has
14 found even in larger increases in other cases do not
15 warrant a finding of critical circumstances.

16 As one example, Circular Welded Carbon
17 Quality Steel Pipe, the Commission determined that
18 neither a 19 percent increase nor a 32 percent
19 increase, depending on the period used, was sufficient
20 to undermine seriously the remedial effects of the
21 order.

22 As another example, in Certain Steel Nails,
23 the Commission determined that a 23 percent increase
24 was not sufficient to seriously undermine the orders.
25 In those cases, the Commission noted that importers'

1 inventories declined. The same is true here. There
2 are no large inventories overhanging the market. No
3 one in any undermined any orders issued, let alone
4 seriously undermined any orders. There is no worry
5 that subject imports declined in interim 2012 and that
6 non-subject imports increased.

7 Clearly, customers were switching their
8 sourcing. They were not building massive inventories
9 of subject merchandise that would overhang the market
10 for the foreseeable future and seriously undermined
11 any orders issued.

12 Furthermore, neither the absolute volumes at
13 issue nor the volumes accounted for by the increase
14 are sufficient to seriously undermine the order taken
15 in the context of total domestic consumption. Hangers
16 have a short useful life. Demand is constant. Any
17 material injury alleged to have been caused by these
18 imports will be taken into account in the Commission's
19 current material injury determination, and will not
20 extend into the future to undermine any orders.

21 In short, the alleged increase in subject
22 imports after the petition is simply not sufficient to
23 undermine any antidumping or countervailing duty
24 order, no matter what way the Commission looks at it.
25 We respectfully submit that this record warrants a

1 negative determination with respect to critical
2 circumstances. Thank you. I'd be happy to take any
3 questions.

4 CHAIRMAN WILLIAMSON: Okay. Thank you.
5 We'll begin questioning with Commissioner Aranoff.

6 COMMISSIONER ARANOFF: Just one question.
7 You referred to the data that we have, which of course
8 is incomplete because of the number of Respondents who
9 responded indicating that there hasn't been an
10 increase in inventories. But we do have direct
11 testimony from at least one distributor who was on the
12 panel this morning indicating that there was a
13 substantial influx of early-received shipments just
14 prior to the preliminary determinations in this case,
15 and that importers are currently just full to the
16 gills with supply.

17 How should the Commission weigh that
18 testimony against the incomplete data that we have in
19 the report?

20 MR. BROPHY: I mean, I think, first of all,
21 I think the Commission often has incomplete data. I
22 think we've heard this morning they don't have
23 complete data on the domestic industry. The data the
24 Commission has is, as far as we know, representative
25 of the importing community. I mean, I don't know the

1 anecdotal evidence. I don't know what numbers
2 specifically they have saying the overall inventories
3 went up in the interim period. I mean, if you just
4 look at the interim period data, subject imports were
5 down. Non-subject imports were up. That does not
6 suggest that people were hoarding inventories of
7 Vietnamese merchandise.

8 I would also -- it would suggest that they
9 just switched their sourcing and they probably worked
10 off whatever Vietnamese purchases they had.

11 COMMISSIONER ARANOFF: Okay. Just to
12 clarify, when you refer to switching their sourcing,
13 who could they switch to? I mean, are you talking
14 about non-subject imports from China, or is there
15 another source that you're referring to?

16 MR. BROPHY: I was just referring to the
17 increase in the non-subject imports. I wasn't
18 referring to any specific country. I'd have to look
19 at the data to see, you know, what countries those
20 were.

21 COMMISSIONER ARANOFF: Okay. Thank you very
22 much. Thank you, Mr. Chairman. I don't have any
23 further questions.

24 CHAIRMAN WILLIAMSON: Thank you.

25 COMMISSIONER PINKERT: I have just one

1 question. Given the level of non-reporting that we
2 have in this case, should we be applying an adverse
3 inference to the issue that you're testifying on the
4 critical circumstances issue?

5 MR. BROPHY: My answer would be no. One,
6 the Commission has the official import data showing
7 what the increase was. It has the total amount of
8 imports at issue. I mean, I was going to say, if you
9 were just to assume that 100 percent of that increase
10 was inventory, that the overall volume just compared
11 to domestic consumption and taking into account can
12 the U.S. industry satisfy all of domestic consumption,
13 taking into account increases in non-subject imports
14 -- I would suggest that volume is insignificant, even
15 if it was all sitting in inventory right now.

16 COMMISSIONER PINKERT: Thank you.

17 CHAIRMAN WILLIAMSON: Okay. Thank you.
18 Commissioner Johanson?

19 COMMISSIONER JOHANSON: Mr. Chairman, I have
20 no questions.

21 CHAIRMAN WILLIAMSON: Commissioner Pearson?
22 I'm sorry, no. I guess I'm next.

23 COMMISSIONER PEARSON: You are next.

24 CHAIRMAN WILLIAMSON: Okay. I'm sorry.
25 Okay. Why should the Commission use anything other

1 than its traditional six-month comparison period is
2 this investigation for critical circumstances?

3 MR. BROPHY: Commissioner, I am happy with
4 the six-month comparison period. If you're going to
5 use December in the post-petition period, I think
6 there is a decrease. If you use it in the pre-
7 petition period, there is like I think a 4 percent
8 increase. A six-month comparison period is acceptable
9 to us.

10 CHAIRMAN WILLIAMSON: Okay. Thank you. I
11 was wondering, do you have anything to offer on any of
12 the other issues in this investigation?

13 MR. BROPHY: I wish I did, but I am only
14 here today to talk about critical circumstances.

15 CHAIRMAN WILLIAMSON: Okay. Thank you. I
16 just wanted to give you an opportunity. With that, I
17 have no further questions. Commissioner Pearson?

18 COMMISSIONER PEARSON: Mr. Chairman, you
19 just addressed my question. So I'd like to thank the
20 members of this panel, and appreciate your
21 participation.

22 CHAIRMAN WILLIAMSON: Okay. Does any
23 commissioner --

24 COMMISSIONER JOHANSON: I might add as well
25 that you addressed a question which I was reluctant to

1 ask.

2 (Laughter)

3 CHAIRMAN WILLIAMSON: Okay.

4 COMMISSIONER JOHANSON: But thank you for
5 appearing here today.

6 CHAIRMAN WILLIAMSON: It looks like we've
7 exhausted our questions. Does staff have any
8 questions for this panel?

9 MS. HAINES: Elizabeth Haines. Staff has no
10 questions.

11 CHAIRMAN WILLIAMSON: Okay. Do Petitioners
12 have any question for this panel?

13 MR. WAITE: No, we do not.

14 CHAIRMAN WILLIAMSON: Okay. Good, thank
15 you. Well, this panel is dismissed. Okay. And I
16 guess now comes the time for closing statements.
17 Let's see. The Petitioners have 16 minutes direct and
18 5 minutes for closing for a total of 21 minutes.
19 Respondents have 57 minutes direct and 5 minutes for
20 closing for a total of 62 minutes.

21 As our tradition has been to combine times,
22 so we assume this is okay with both sides -- and with
23 that, we'll have closing statements.

24 MR. WAITE: Thank you, Mr. Chairman. If
25 Respondent's counsel agrees not to use the 57 minutes,

1 I will promise not to use the 16.

2 Mr. Chairman and members of the Commission,
3 this industry has been through the wringer as a result
4 of unfairly traded imports. First there was China,
5 which nearly wiped out the entire U.S. hanger industry
6 with its huge volumes and the so-called China price.
7 The dumping order on Chinese hangers was supposed to
8 allow the U.S. industry to increase its production and
9 sales, raise prices, and return to profitability.

10 That case led to optimism that there could
11 again be a vibrant domestic hanger industry, and
12 several new companies began producing hangers in the
13 United States in anticipation of improvements in the
14 market. But then another wave of unfairly traded
15 imports from Vietnam and Taiwan flooded into the
16 market.

17 Before the industry could recover from the
18 injury China had caused, it was faced with a dramatic
19 surge in imports from two new sources with hangers
20 sold at prices that were as low or lower than the
21 China price. The industry was not able to raise
22 prices, but instead was forced to lower prices in
23 order to retain business.

24 Hangers from Taiwan and Vietnam were sold in
25 the U.S. market at prices that were often below the

1 domestic industry's cost, as you heard this morning.
2 And the U.S. industry was again faced with a raft of
3 lost sales due to very low import pricing.

4 Again, the industry fought back by filing
5 trade cases against the subject countries. This time,
6 M&B was joined by two new companies that had begun
7 hanger production after the China case: Indy Hanger,
8 who is here today, and U.S. Hanger, who unfortunately
9 could not be.

10 Three other domestic producers, Shanti,
11 Great Plains, and Platinum, did not survive the second
12 wave of imports. But the closure of these American
13 companies during the period of investigation speaks
14 volumes about the impact that imports from Vietnam and
15 Taiwan have had on the domestic industry.

16 Although Taiwan and Vietnam never reached
17 the annual volumes of 2 to 3 billion hangers that
18 China shipped at its peak, subject imports grew
19 rapidly from nearly zero in 2008 to a billion hangers
20 by 2010, and just about another billion in 2011.
21 These large import volumes have prevented U.S. hanger
22 producers from utilizing even half of their productive
23 capacity.

24 Although the volume of subject imports has
25 declined somewhat in the interim period, this is

1 almost entirely due to the filing of the petitions in
2 late December. The price effects of imports from
3 Taiwan and Vietnam have been equally damaging to the
4 U.S. hanger industry. Throughout the POI, subject
5 import AUVs were consistently below the domestic
6 shipment values, and the pricing data collected by the
7 Commission confirms this.

8 In particular, the data on hangers from
9 Vietnam shows widespread underselling quarter after
10 quarter, and at significant margins. We have
11 explained why the extremely limited pricing data on
12 Taiwan is unreliable and should not be considered.

13 Finally, the impact of dumped and subsidized
14 imports from Taiwan and Vietnam has been significant.
15 The financial performance of the domestic industry
16 has been terrible throughout the POI. The operating-
17 income-to-sales ratio was negative in every period,
18 including the most recent interim period.

19 Although the industry's sales have increased
20 somewhat, prices have been stagnating at low levels
21 due to the presence of low-priced subject imports.
22 The Commission has received an enormous number of
23 examples of lost sales and lost revenues from the U.S.
24 hanger industry in this case, and an overwhelming
25 number of these have been confirmed by customers.

1 There is no question from this evidence that
2 the domestic industry has lost substantial sales to
3 subject imports, and customers have reported to the
4 Commission that the U.S. industry has been forced to
5 lower its prices just to compete with imports from
6 Taiwan and Vietnam.

7 This record shows that the U.S. hanger
8 industry is materially injured by reason of subject
9 imports from Taiwan and Vietnam. Without relief now,
10 this industry may not survive. Thank you very much.

11 CHAIRMAN WILLIAMSON: Thank you. Okay.

12 MR. BROPHY: I'm back.

13 CHAIRMAN WILLIAMSON: You may proceed.

14 MR. BROPHY: Steve Brophy again. Just to
15 sum up, I think our main point is that however you
16 look at the data for the critical circumstances
17 determination, a negative determination is warranted.
18 I believe Mr. Waite filed critical circumstances
19 allegations in both the AD and the CBD case. The
20 Commission normally combines those to make one
21 critical circumstances determination. You can
22 separate them, look at two critical circumstances
23 determinations. You can use a five-month period. You
24 can use a six-month period, a seven-month period,
25 December the post-petition period, December the pre-

1 petition period.

2 Whatever way you look at the data, we
3 believe the determination should be negative, and we
4 respectfully request that the Commission make a
5 negative critical circumstances determination. Thank
6 you.

7 CHAIRMAN WILLIAMSON: Thank you. Okay. And
8 I want to thank all of the witnesses for presenting
9 their testimony today. This is closing statement.

10 Posthearing briefs, statements responsive to
11 questions and requests of the Commission and
12 corrections to the transcript must be filed by
13 October 31, 2012. Closing of the record and final
14 release of data to parties is going to be November 9,
15 2012. Final comments are due November 13, 2012.

16 And with no further business, this hearing
17 is adjourned. Thank you all.

18 (Whereupon, at 12:46 p.m., the hearing in
19 the above-entitled matter was concluded.)

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CERTIFICATION OF TRANSCRIPTION

TITLE: Steel Wire Garment Hangers from
Taiwan, Vietnam

INVESTIGATION NO.: 701-TA-487, 731-TA-1197-1198

HEARING DATE: October 24, 2012

LOCATION: Washington, D.C.

NATURE OF HEARING: Hearing

I hereby certify that the foregoing/attached transcript is a true, correct and complete record of the above-referenced proceeding(s) of the U.S. International Trade Commission.

DATE: October 24, 2012

SIGNED: LaShonne Robinson
Signature of the Contractor or the
Authorized Contractor's Representative
1220 L Street, N.W. - Suite 600
Washington, D.C. 20005

I hereby certify that I am not the Court Reporter and that I have proofread the above-referenced transcript of the proceeding(s) of the U.S. International Trade Commission, against the aforementioned Court Reporter's notes and recordings, for accuracy in transcription in the spelling, hyphenation, punctuation and speaker-identification, and did not make any changes of a substantive nature. The foregoing/attached transcript is a true, correct and complete transcription of the proceeding(s).

SIGNED: Rebecca McCrary
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I hereby certify that I reported the above-referenced proceeding(s) of the U.S. International Trade Commission and caused to be prepared from my tapes and notes of the proceedings a true, correct and complete verbatim recording of the proceeding(s).

SIGNED: Gabriel Gheorghiu
Signature of Court Reporter