

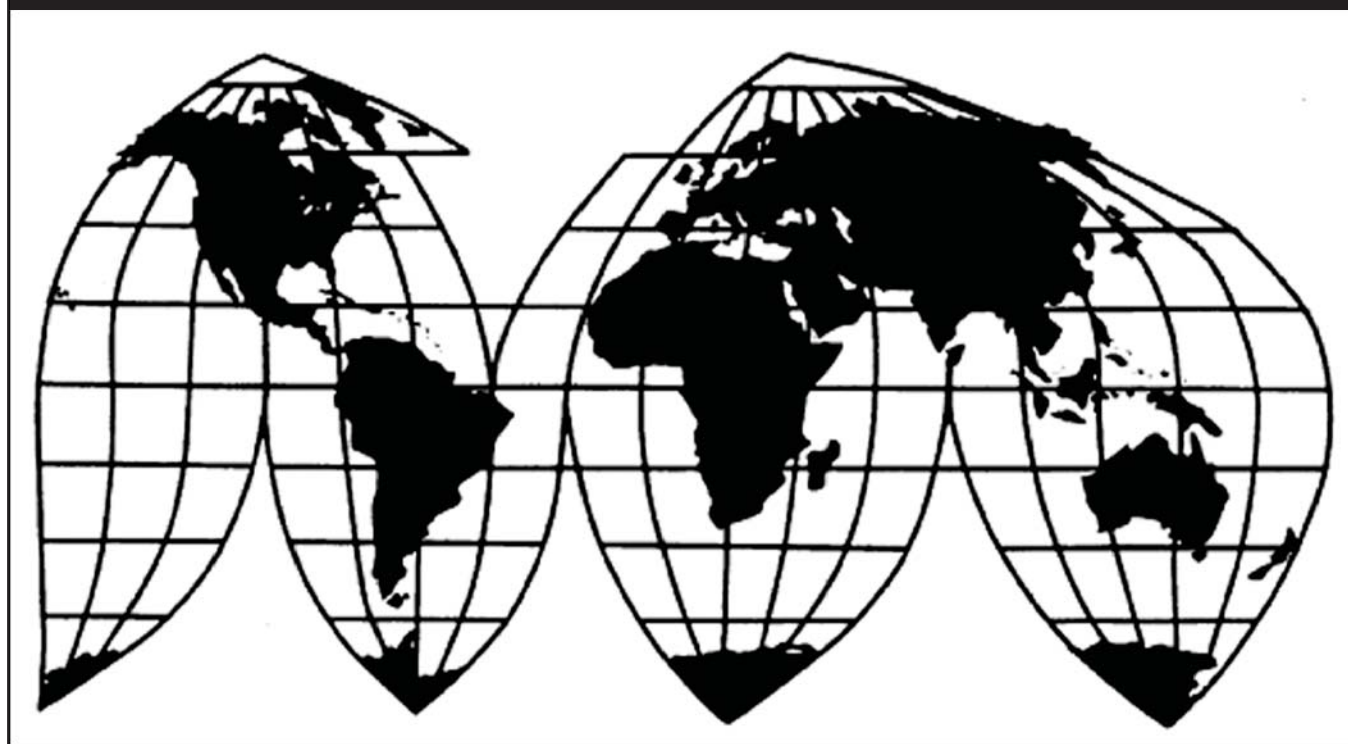
Steel Wire Garment Hangers from Taiwan and Vietnam

Investigation Nos. 701-TA-487 and 731-TA-1197-1198 (Preliminary)

Publication 4305

February 2012

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-487 and 731-TA-1197-1198 (Preliminary)

STEEL WIRE GARMENT HANGERS FROM TAIWAN AND VIETNAM

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. §§ 1671b(a) and 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Taiwan and Vietnam of steel wire garment hangers, provided for in subheading 7326.20.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV) and steel wire garment hangers from Vietnam that are allegedly subsidized by the Government of Vietnam.

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the Department of Commerce (Commerce) of affirmative preliminary determinations in the investigations under sections 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under sections 705(a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On December 29, 2011, a petition was filed with the Commission and Commerce by M&B Metal Products Company, Inc., Leeds, AL; Innovation Fabrication LLC / Indy Hanger, Indianapolis, IN; and US Hanger Company, LLC, Gardena, CA, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of steel wire garment hangers from Taiwan and Vietnam and subsidized imports of steel wire garment hangers from Vietnam. Accordingly, effective December 29, 2011, the Commission instituted countervailing duty investigation No. 701-TA-487 and antidumping duty investigation Nos. 731-TA-1197-1198 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of January 6, 2012 (77 FR 806). The conference was held in Washington, DC, on January 20, 2012, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

IEWS OF THE COMMISSION

Based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of steel wire garment hangers (“SWG hangers”) from Taiwan and Vietnam that are allegedly sold in the United States at less than fair value and imports of the subject merchandise from Vietnam that are allegedly subsidized by the Government of Vietnam.

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.¹ In applying this standard, the Commission weighs the evidence before it and determines whether “(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation.”²

II. BACKGROUND

On December 29, 2011, M&B Metal Products Company, Inc. (“M&B”), Innovative Fabrication LLC/Indy Hanger (“Indy Hanger”), and US Hanger Company, LLC (“US Hanger”) (collectively “Petitioners”), which are domestic producers of SWG hangers, filed antidumping and countervailing duty petitions; each firm participated in the staff conference and/or submitted a joint postconference brief.³ Several respondents (collectively “Vietnamese Respondents”) participated in the staff conference and/or submitted a postconference brief.⁴

The Commission received U.S. producers’ questionnaire responses from three firms that reportedly accounted for *** percent of U.S. SWG hanger production in 2010, but it did not receive

¹ 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); Aristech Chem. Corp. v. United States, 20 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by the allegedly unfairly traded imports.

² American Lamb Co., 785 F.2d at 1001; see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

³ Confidential Report, Memorandum INV-KK-010 (Feb. 6, 2012) (“CR”) at I-1; Public Report, Steel Wire Garment Hangers from Taiwan and Vietnam, Invs. Nos. 701-TA-487 and 731-TA-1197 to 1198 (Prelim.), USITC Pub. 4305 (Feb. 2012) (“PR”) at I-1.

⁴ They include exporter Linh Sa Hamico Company Limited and its related Vietnamese producers Linh Sa Hamico and South East Asia Hamico Export Joint Stock Corporation (“the Hamico companies”); Vietnamese producer/exporter/importer Triloan Hangers Inc. (“Triloan”); importer/distributor JL Imports, LLC; importer H212 Dry Cleaning Supply Inc. and its related exporter of subject merchandise from Vietnam, TJ Company, Ltd., and related producers in Vietnam, Infinite Industrial Hanger Limited and Tan Dinh Enterprise (“the TJ companies”); and hanger buying group Fabricare Choice.

responses from three current and three former domestic producers.⁵ As a share of imports entered under the relevant U.S. Harmonized Tariff Schedule (“HTSUS”) statistical reporting number between January 2008 and September 2011, responses from the twenty-two firms submitting importer questionnaire responses were equivalent to 15.9 percent of imports from Taiwan, 53.9 percent of imports from Vietnam, and 45.9 percent of imports from all other sources.⁶ Vietnamese Respondents assert that the three groups of firms that participated in the staff conference and that submitted questionnaire responses (the Hamico companies, Triloan, and the TJ companies) are the three largest producers of subject merchandise in Vietnam.⁷ No foreign producer in Taiwan submitted a questionnaire response,⁸ although three firms in Taiwan that received foreign producer questionnaires certified that they are not producers/exporters of subject merchandise.⁹

III. DOMESTIC LIKE PRODUCT

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the “domestic like product” and the “industry.”¹⁰ Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Tariff Act”), defines the relevant domestic industry as the “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”¹¹ In turn, the Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation”¹²

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.¹³ No single factor is dispositive, and the Commission

⁵ CR at III-1; PR at III-1. Non-responding current domestic producers Eagle Hangers, Ganchos N.V., and Metro Supply Company reportedly accounted for *** percent of U.S. production in 2010. Non-responding former domestic producers Shanti Industries Inc., Great Plains Hanger, and Platinum Hanger reportedly accounted for *** percent of domestic production in 2010. CR at III-1 n.1; PR at III-1 n.1.

⁶ CR at IV-1 & n.1; PR at IV-1 & n.1.

⁷ Revised Transcript of Jan. 20, 2012, Staff Conference (“Conf. Tr.”) at 10 (Neeley).

⁸ CR at I-3, VII-1 to VII-2; PR at I-2, VII-I to VII-2.

⁹ CR at VII-1 to VII-2 & n.11; PR VII-1 & n.11.

¹⁰ 19 U.S.C. § 1677(4)(A).

¹¹ 19 U.S.C. § 1677(4)(A).

¹² 19 U.S.C. § 1677(10).

¹³ See, e.g., Cleo Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991) (“every like product determination ‘must be made on the particular record at issue’ and the ‘unique facts of each case’”). The Commission generally considers a number of factors including the following: (1) physical

may consider other factors it deems relevant based on the facts of a particular investigation.¹⁴ The Commission looks for clear dividing lines among possible like products and disregards minor variations.¹⁵ Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value,¹⁶ the Commission determines what domestic product is like the imported articles Commerce has identified.¹⁷ The Commission may, where appropriate, include domestic articles in the domestic like product in addition to those described in the scope.¹⁸

In its notice of initiation, Commerce defined the imported merchandise within the scope of these investigations as follows:

steel wire garment hangers, fabricated from carbon steel wire, whether or not galvanized or painted, whether or not coated with latex or epoxy or similar gripping materials, and/or whether or not fashioned with paper covers or capes (with or without printing) and/or nonslip features such as saddles or tubes. These products may also be referred to

characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

¹⁴ See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

¹⁵ See, e.g., Nippon, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249 at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

¹⁶ See, e.g., USEC, Inc. v. United States, 34 Fed. Appx. 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); Algoma Steel Corp. v. United States, 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), aff'd, 865 F.3d 240 (Fed. Cir.), cert. denied, 492 U.S. 919 (1989).

¹⁷ Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Cleo, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); Torrington, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

¹⁸ See, e.g., Pure Magnesium from China and Israel, Invs. Nos. 701-TA-403 and 731-TA-895-96 (Final), USITC Pub. 3467 (Nov. 2001) at 8, n. 34; Torrington Co. v. United States, 747 F.Supp. 744, 748-49 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) (holding that the Commission is not legally required to limit the domestic like product to the product advocated by the petitioner, co-extensive with the scope).

by a commercial designation, such as shirt, suit, strut, caped, or latex (industrial) hangers.¹⁹

In addition to the product variations described in the scope, SWG hangers may be produced with bottom bars of different lengths (e.g., 18-inch shirt hanger or 16-inch cape hanger) or a 16-inch tube attached to double hooks (strut hangers), instead of a bottom bar.²⁰ They may be constructed using wire of different gauges (e.g., 14.5-inch gauge shirt hangers, 13-inch gauge cape hangers), or may have longer necks to be compatible with the machinery used by rental uniform, industrial laundry, or textile firms.²¹ Industry witnesses testified that purchasers of SWG hangers want pants to stay on hangers and are generally indifferent whether the hangers are constructed from painted steel wire with a latex-coated tube or latex-coated bottom bar, or from galvanized steel wire, because all such products compete.²² SWG hangers are manufactured from steel wire that is straightened, cut to length, and then formed into shape before undergoing finishing operations such as painting (unless already painted prior to forming), coating, or attaching capes or struts, depending on the desired product and the type of wire used (galvanized or non-galvanized).²³

In the prior antidumping duty investigation of steel wire garment hanger imports from China, in which the scope was nearly identical but excluded only wooden, plastic, and other garment hangers not made of steel wire, the Commission defined a single domestic like product comprised of the various types of steel wire garment hangers included in that scope.²⁴ In these proceedings, Petitioners argue that the Commission should define a single domestic like product consisting of SWG hangers, coextensive with this scope.²⁵ Vietnamese Respondents do not argue otherwise.²⁶

Absent evidence of clear dividing lines between the various hangers, we define a single domestic like product consisting of SWG hangers that is coextensive with the scope of these investigations. Although there are some differences among types, sizes, and finishes of hangers, as noted above, all have

¹⁹ Commerce specifically excluded four types of hangers from the scope of these investigations: (1) wooden, plastic, and other garment hangers that are not made of steel wire; (2) steel wire garment hangers with swivel hooks; (3) steel wire garment hangers with clips permanently affixed; and (4) chrome-plated steel wire garment hangers with a diameter of 3.4 mm or greater. As Commerce further explained, the products within the scope of these investigations are currently classified under HTSUS subheadings 7326.20.0020 and 7323.99.9080. 77 Fed. Reg. 3731, 3736 (Jan. 25, 2012) (AD); 77 Fed. Reg. 3737, 3739 (Jan. 25, 2012) (CVD).

²⁰ Conf. Tr. at 22-24 (Magnus); CR at I-8; PR at I-6 to I-7.

²¹ Conf. Tr. at 22-24 (Magnus); CR at I-8 to I-10; PR at I-6 to I-7.

²² Conf. Tr. at 63-64 (Pedelty), 64 (Smith), 70-71 (Smith).

²³ CR at I-10; PR at I-7.

²⁴ Steel Wire Garment Hangers from China, Inv. No. 731-TA-1123 (Final), USITC Pub. 4034 at 6 (Sept. 2008). After issuing an antidumping duty order on imports from China, Commerce determined to revoke the order in part with respect to chrome-plated SWG hangers with a diameter of 3.4 mm or greater. 74 Fed. Reg. 50956 (Oct. 2, 2009).

²⁵ Conf. Tr. at 36 (Waite); Petitioners' Postconf. Br. at 2-5.

²⁶ Conf. Tr. at 114 (Neeley) ("Yeah, we agree with that. I think that's pretty much what the Commission did last time, and we don't have a disagreement with that.")

similar shapes and share similar characteristics, being manufactured from steel wire or galvanized steel wire.²⁷ SWG hangers have similar functions, being used by dry cleaners, industrial laundries, and uniform rental or textile firms to drape or suspend clothing and other textiles.²⁸ There are some limitations in the types and sizes of hangers preferred by particular customers for specific end uses (e.g., long-neck hangers that are compatible with uniform rental firms' machinery),²⁹ but that is not unusual in cases involving a spectrum of products. SWG hangers produced domestically are primarily sold to distributors for use by dry cleaners, but a meaningful share is sold to industrial laundries, uniform rental, and textile firms.³⁰ Although there are some differences in production methodologies, employees, and equipment used to make SWG hangers in the United States depending on the type of hanger being made (e.g., shirt versus strut or cape) and the producer in question (e.g., using galvanized wire, drawing non-galvanized wire rod into wire, or using non-galvanized wire), there are many similarities, with responding domestic producers generally reporting using similar, highly automated machinery regardless of whether the output is intended for dry cleaning, industrial laundries, uniform rental or textile customers.³¹ In terms of consumer and producer perceptions, both Petitioners and Vietnamese Respondents in these investigations consider all SWG hangers to be the same product, despite some variations.³² Petitioners further report that the various SWG hangers are priced on a continuum depending on the specific type of hanger at issue.³³ For all of these reasons, we define the domestic like product in these investigations as SWG hangers, coextensive with the scope of these investigations.

IV. DOMESTIC INDUSTRY

The domestic industry is defined as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”³⁴ In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

²⁷ Petitioners' Postconf. Br. at 3; CR at I-8 to I-10; PR at I-6 to I-9.

²⁸ CR at I-8 to I-10, II-1; PR at I-6 to I-9.

²⁹ Petitioners' Postconf. Br. at 3; Conf. Tr. at 22-24 (Magnus).

³⁰ Petitioners' Postconf. Br. at 3-4; Conf. Tr. at 74-75 (Magnus).

³¹ Petitioners' Postconf. Br. at 3-5; Conf. Tr. at 24 (Magnus), 63-64 (Pedelty), 64 (Smith), 65 (Magnus and Crowder), 70-71 (Smith); CR at I-9 to I-11; PR at I-7.

³² Petitioners' Postconf. Br. at 5; Conf. Tr. at 36 (Waite), 114 (Neeley); USITC Pub. 4034 at 6.

³³ Petitioners' Postconf. Br. at 5.

³⁴ 19 U.S.C. § 1677(4)(A).

Petitioners ask the Commission to define the domestic industry as all U.S. producers of SWG hangers, and no party argues otherwise in these proceedings.³⁵ Accordingly, based on our finding regarding the appropriate domestic like product definition, we define the domestic industry as all U.S. producers of SWG hangers.³⁶

V. IMPORTS SUBJECT TO THESE INVESTIGATIONS

A. Circumvention/Transshipment Issues

1. Background

The parties disagree about the extent to which SWG hangers originating in China have been or may be transshipped through Taiwan and Vietnam or otherwise have been or will be circumventing the antidumping duty order on imports from China. The parties also disagree concerning the extent to which trends in imports from non-subject country China have influenced or may influence trends in subject imports from Taiwan and Vietnam. Vietnamese Respondents agree with the arguments that Petitioners made in other fora that transshipment of the order on imports from China (or circumvention) has been a widespread problem that accounts for a substantial volume of SWG hangers identified upon entry to the United States as products of Taiwan or Vietnam.³⁷ Petitioners disagree that the record in these investigations contains evidence that large volumes of such imports are actually non-subject merchandise.³⁸

The Commission conducted its first investigation concerning steel wire garment hangers in response to a November 27, 2002 petition filed under section 421 of the Trade Act of 1974 by Cleaners Hangers Company Industries (“CHC”), M&B, and United Wire Hanger Corp., all domestic producers of

³⁵ Petitions at Vol. I at 15.

³⁶ Subsection 1677(4)(B) of the Tariff Act authorizes the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers. 19 U.S.C. § 1677(4)(B). Exclusion of such a producer is within the Commission’s discretion based upon the facts presented in each investigation. None of the three petitioning domestic producers imported subject merchandise or otherwise qualifies as a related party eligible for exclusion from the domestic industry. Petitioners’ Postconf. Br. at 6-7; CR at III-2; PR at III-1 to III-2; CR/PR at Table III-1. Petitioners report that, according to its web site, Eagle Hangers produces SWG hangers in Texas but also sells substantial quantities of SWG hangers from Vietnam. ***. Petitioners state that they are not aware whether Metro Supply or Ganchos qualifies as a related party, although they note that ***. Conf. Tr. at 34 (Smith), 72 (Waite); Petitioners’ Postconf. Br. at 7 n.25. Neither Petitioners nor Vietnamese Respondents argue in favor of excluding any producer from the domestic industry as a related party. Eagle Hangers, Metro Supply, and Ganchos did not submit questionnaire responses in the preliminary phase of these investigations. CR at III-1; PR at III-1. Thus, even if one of these producers qualifies as a related party, the issue of whether appropriate circumstances exist to exclude data from any such firm is moot.

³⁷ Conf. Tr. at 12 (Neeley); Vietnamese Respondents’ Postconf. Br. at 2-12.

³⁸ Petitioners’ Postconf. Br. at 21; Conf. Tr. at 85-88 (Waite).

hangers at the time.³⁹ The Commission found that imports from China were entering the United States in such increased quantities or under such conditions as to cause market disruption to the domestic industry.⁴⁰ Although the Commission proposed possible remedies, the President decided only to grant expedited consideration for trade adjustment assistance claims by U.S. workers displaced by foreign competition rather than impose any other remedial measure.⁴¹

Subsequently, in response to a July 31, 2007 antidumping duty petition filed by domestic producer M&B,⁴² the Commission made an affirmative material injury determination concerning steel wire garment hangers from China and, effective October 6, 2008, Commerce imposed an antidumping duty order on these imports, which remains in effect today.⁴³ Commerce originally assigned antidumping duty margins of at least 15.44 percent on all imports from China.⁴⁴ The parties in these investigations appear to agree that the lower antidumping duty margins that Commerce subsequently assigned in May 2011 to some firms as a result of the first administrative review of that order led to increased imports of SWG hangers from China.⁴⁵ They disagree about the effect that the results of Commerce's second and

³⁹ We note that the Commission is not bound by findings in other investigations, particularly investigations involving a different statutory scheme and different factual record. See, e.g., Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp. 2d 1353, 1379 (Ct. Int'l Trade 1999) (Commission determinations are *sui generis*; "a particular circumstance in a prior investigation cannot be regarded by the Commission as dispositive of the determination in a later investigation").

⁴⁰ Certain Steel Wire Garment Hangers from China, Inv. No. TA-421-2, USITC Pub. 3575 (Feb. 2003) (reflecting the views of Chairman Okun and Commissioners Bragg, Hillman, Koplun, and Miller).

⁴¹ 68 Fed. Reg. 23019 (Apr. 25, 2003) (Presidential determination); CR at I-4 to I-5; PR at I-3.

⁴² On March 25, 2008, U.S. Customs and Border Protection ("Customs") suspended liquidation of entries of steel wire garment hangers from China in response to Commerce's affirmative preliminary determination. 73 Fed. Reg. 15726 (Mar. 25, 2008), as amended by 73 Fed. Reg. 20018 (Apr. 14, 2008).

⁴³ Steel Wire Garment Hangers from China, Inv. No. 731-TA-1123 (Final), USITC Pub. 4034 (Sept. 2008) (the affirmative material injury determination reflected the views of Chairman Okun, Vice Chairman Williamson, and Commissioners Pearson, Aranoff, Pinkert, and Lane); 73 Fed. Reg. 58111 (Oct. 6, 2008) (antidumping duty order); CR at I-5; PR at I-4.

⁴⁴ 73 Fed. Reg. 47587, 47591 (Aug. 14, 2008) (assigning the following *ad valorem* rates: Shanghai Wells (15.44 percent); thirteen named firms (54.75 percent); Shaoxing Metal (94.06 percent); and all other firms (a PRC-wide rate of 186.98 percent)).

⁴⁵ 76 Fed. Reg. 27994 (May 13, 2011) (assigning the following rates: mandatory respondent Shanghai Wells (0.15 percent (*de minimis*)); mandatory respondent Dingli (1.71 percent); fifteen firms that demonstrated entitlement to "separate rates" (1.71 percent); and the remainder (PRC-wide rate of 187.25 percent)). The parties' arguments apparently assume that low antidumping duty margins necessarily lead to additional imports. As the Commission has previously found, however, the mere suspension of liquidation pending final determination of the actual duties owed (in the course of administrative reviews at Commerce) may itself have a significant inhibiting effect on subject imports after an order is imposed, regardless of the rates of duty assigned by Commerce in administrative reviews. The pendency of an investigation may have the same effect.

Indeed, in five-year reviews, the Commission has rejected the argument that low margins over most of the review period establish that subject imports will not increase significantly or have significant price effects if the orders are revoked, noting that the statute merely says the Commission "may" consider the margins and "does not mandate that we consider the actual margins that existed over the period of review." Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom, Invs. Nos. 701-TA-381-382

third administrative reviews⁴⁶ likely would have on imports from China and on any related incentive to transship SWG hangers made in China through Taiwan and Vietnam or otherwise circumvent the order on imports from China. Petitioners argue that in the imminent future the volume of imports from China is likely to be minimal and that the volume of imports from the subject countries is likely to be large,⁴⁷ whereas Vietnamese Respondents characterize Petitioners' expectations of the results and effects of the second and third administrative reviews as speculative.⁴⁸

Commerce also conducted an anti-circumvention inquiry in response to a May 5, 2010 request by M&B and determined that two firms in Vietnam (Quyky Yanglei International Co., Ltd. ("Quyky") and Angang Clothes Rack Manufacture Co., Ltd. ("Angang")) were circumventing the antidumping duty order on SWG hangers from China. According to record evidence, Commerce found that Vietnamese firms Angang and Quyky circumvented the order on SWG hangers from China, and Commerce assigned a margin of 187.25 percent to any shipments from these firms effective July 2010.⁴⁹

Separately, after Customs conducted criminal transshipment investigations into whether

and 731-TA-797-804 (Review), USITC Pub. 3788 at 14, n.85 (Jul. 2005), citing 19 U.S.C. § 1675a(6); 19 U.S.C. § 1677(35)(C)(iv); Uruguay Round Agreements Act, Statement of Administrative Action, H.R. Doc. No. 103-316, Vol. 1 (1994) ("the URAA SAA") at 853-54, 887; Rhone Poulenc, S.A. v. United States, 592 F. Supp. 1318, 1324 (1984); see also Polychloroprene Rubber from Japan, Inv. No. AA-1921-129 (Second Review), USITC Pub. 3786 at 9 (June 2005) (noting that the antidumping duty finding had a restraining effect on exports to the United States, notwithstanding a zero percent margin).

⁴⁶ 76 Fed. Reg. 66903, 66904 to 66905 (for the period October 1, 2009 to September 30, 2010, announcing for purposes of the preliminary determinations a rate of 16.65 percent for Shanghai Wells and a margin of 187.25 percent for the PRC-wide entity, which includes several firms that previously had obtained a 1.71 percent margin in the first review (Pu Jiang; Shaoxing Guochao; Jiaying Boyi; Shaoxing Meideli; Shaoxing Liangbao; and Yiwu Aosi). Eight firms that had received a rate of 1.71 percent in the first review certified that they had not exported hangers to the United States during the second review period (Ningbo Dasheng; Shangyu Baoxiang; Shaoxing Andrew; Shaoxing Gangyuan; Shaoxing Shunji; Shaoxing Tongzhou; Shaoxing Zhongbao; and Zhejiang Lucky Cloud)).

⁴⁷ Petitioners argue that the recent spike in imports from China was temporary, because most firms that received low or *de minimis* margins in May 2011 after the first review of the Chinese order are going to receive higher margins in the second or third administrative reviews, leaving at most one firm eligible to export to the United States at a low rate (Shaoxing Dingli). Petitioners' Postconf. Br. at 16-20; Conf. Tr. at 51-56, 77-78, 142-44 (Waite).

⁴⁸ Vietnamese Respondents argue that several Chinese firms have a low 1.71 percent antidumping duty margin, meaning these firms are still able to participate in the U.S. market and "do quite well." Consequently, Vietnamese Respondents anticipate less incentive to transship from China or otherwise circumvent the antidumping duty order on imports from China and thus fewer imports of SWG hangers from Taiwan and Vietnam in the imminent future. Conf. Tr. at 129-131, 147-149 (Neeley).

⁴⁹ 76 Fed. Reg. 66895, 66896 (Oct. 28, 2011) (notice of final affirmative determination of anti-circumvention); 75 Fed. Reg. 42685 (Jul. 22, 2010) (notice of initiation of anti-circumvention inquiry); Conf. Tr. at 79-81 (Waite). According to proprietary Customs data, Angang imported *** hangers into the United States in 2008, *** hangers in 2009, *** hangers in 2010, and *** hangers in the first nine months of 2011 ("interim 2011"), whereas Quyky imported *** hangers in 2008, *** hangers in 2009, *** hangers in 2010, and *** in interim 2011. CR at IV-5 at n.4; PR at IV-4 at n.4. *** additional duties were paid on any SWG hangers imported from Vietnam. CR at IV-5; PR at IV-4. We note that Commerce found that Angang manufactured some SWG hangers in Vietnam. 76 Fed. Reg. at 66899. In any final phase of these investigations we intend to seek monthly data on imports from each of these firms.

individuals were submitting fraudulent documents and/or fraudulently labeling products to hide the country of manufacture, the U.S. Attorney's Office prosecuted two Mexican nationals for bringing SWG hangers from China into the United States under bond, shipping the hangers to Mexico under bond where they were re-labeled as "Made in Mexico," and then shipping the hangers back to the United States.⁵⁰

2. Legal Questions

Vietnamese Respondents argue that the statute requires the Commission to consider only subject imports of SWG hangers from Taiwan or Vietnam that are subsidized or sold at less than fair value, and not imports from those countries that were transshipped from China or have otherwise circumvented the order on imports from China. They contend that, once the Commission determines the volume of the circumventing/transshipped imports from China, it must adjust the official import data to treat these imports as imports from China and not from Taiwan or Vietnam.⁵¹ Vietnamese Respondents "conservatively" estimate that 90 percent of alleged imports from Taiwan and at least 30 to 35 percent of alleged imports from Vietnam are actually SWG hangers from China.⁵² Petitioners argue that "without specific and definitive evidence" of errors regarding particular import entries, there is no legal basis for the Commission to disregard Customs' official import data.⁵³

⁵⁰ According to Petitioners, both individuals were convicted, with one reportedly receiving a one-year sentence and the other receiving a sentence of almost six years and substantial fines. Conf. Tr. at 80, 85-86 (Waite); Petitioners' Postconf. Br. at 20-21, Exh. 13.

⁵¹ Conf. Tr. at 12-13, 131-132 (Neeley); Vietnamese Respondents' Postconf. Br. at 5-7.

⁵² Conf. Tr. at 100-04 (Tran).

⁵³ Petitioners' Postconf. Br. at 22. Additionally, Petitioners argue that, whereas Commerce has the legal jurisdiction to investigate circumvention allegations, the courts have consistently upheld Commerce's position that it lacks the authority to investigate allegations of criminal transshipment. Petitioners' Postconf. Br. at 23.

The Commission must accept Commerce's determination as to the scope of the imported merchandise alleged to be subsidized or sold at less than fair value and may not itself modify that scope.⁵⁴ The Commission, however, is not required to base its analysis on official Customs data:

Customs' responsibility for classifying imports for the purpose of assessing duties does not detract from the Commission's independent obligation to compile the necessary information required for its analyses The Commission is entitled to supplement information from official statistics with the information that it gathers during its own investigation, and – after weighing the evidence – to choose to rely upon one set of facts over the other.⁵⁵

If there is an issue concerning transshipment, or whether goods are actually being imported from a subject country, the Commission normally will defer to Commerce or Customs if that agency has ruled on the issue.⁵⁶ Absent such a ruling, the Commission has discretion to adjust official Customs import data to account for transshipped goods, but only based on persuasive record evidence of transshipment that permits it to make an accurate adjustment.⁵⁷ The relative weight the Commission gives one data set over another is subject to judicial review.⁵⁸

⁵⁴ See, e.g., USEC, Inc. v. United States, 34 Fed. Appx. 725, 730 (Fed. Cir. 2002) (“The ITC may not modify the class or kind of imported merchandise examined by Commerce.”).

⁵⁵ AL-Tech Specialty Steel Corp. v. United States, 27 CIT 1791, 1804 (Ct. Int'l Trade 2003) (citations omitted).

⁵⁶ See generally USEC, 34 Fed. Appx. at 730-731 (stating that the Commission may not modify the class or kind of merchandise examined by Commerce, but upholding the Commission's finding that certain merchandise was Russian, not Kazakh, in origin and thus not subject merchandise where Commerce had not explicitly ruled on that question, but had articulated the principle of country-origination which the Commission applied in its finding).

⁵⁷ See, e.g., Certain Stainless Steel Butt-Weld Pipe Fittings from Italy, Malaysia, and the Philippines, 731-TA-865-867 (Final), USITC Pub. 3387 at 10-11, n.64 (Jan. 2001) (not finding evidence persuasive); Automotive Replacement Glass Windshields from China, Inv. No. 731-TA-922 (Final), USITC Pub. 3494 at 14, n.87 (Mar. 2002) (same).

⁵⁸ See generally, e.g., Celanese Chemicals, Ltd. v. United States, 2007 WL 735024, Slip Op. 07-16 (Ct. Int'l Trade Jan. 29, 2007).

3. Factual Questions

Although the record in these investigations suggests that circumvention and transshipment are occurring,⁵⁹ we are unable at this time to ascertain the degree to which these activities are affecting the import data. As noted above, the current record indicates that Commerce and Customs have made only two findings of circumvention or transshipment of SWG hangers in other fora, of which only one involved activities in a subject country.⁶⁰

Furthermore, the current record contains conflicting evidence concerning the size of the industries in Taiwan and Vietnam and the volume of U.S. imports from those countries. The petition identified 24 firms as possible producers/exporters of SWG hangers in Taiwan.⁶¹ No foreign producer in Taiwan submitted a questionnaire response, but three firms certified that they do not produce SWG hangers in Taiwan.⁶² Despite claims by Vietnamese Respondents (and Petitioners in other fora) that there is no meaningful hanger production in Taiwan,⁶³ several importers certified that they imported SWG hangers

⁵⁹ As Vietnamese Respondents point out, Petitioners' counsel and Petitioner M&B (either individually or as part of the Coalition for Enforcement of Antidumping and Countervailing Duty Orders, along with representatives of other domestic industries) have been outspoken that SWG hangers from China have circumvented the order on imports from China, including by being transshipped through not only Taiwan and Vietnam but also Malaysia, Mexico, Korea, Hong Kong, and Canada. Elsewhere, they characterized the volume of imports associated with these practices as "substantial" and involving "hundreds of millions of hangers," described the uncollected duties as "more than \$12 million from Taiwan in the first six months of 2009," and argued that the price effects of these imports were injurious. Additionally, Petitioners elsewhere claimed the domestic industry lost "220 jobs" to these imports and that "there is no meaningful production of steel wire hangers in Taiwan." Vietnamese Respondents' Postconf. Br. at 1-12, Exh. 1. According to Petitioners, official import statistics show "very heavy imports from Vietnam and from Taiwan throughout this period, long after we had presented whatever information we could to Customs. So obviously, Customs has reviewed the documentation and reviewed the imports, and it has been permitted into the country, and it's identified as Vietnamese origin, or of Chinese origin, or Pakistani origin or Mongolian origin, whatever." Conf. Tr. at 87 (Waite); Petitioners' Postconf. Br. at 20 (describing information presented "shortly after the issuance of the antidumping order on hangers from China"). Petitioners, however, did not provide the Commission with copies of any certified submissions to other agencies. This has made it difficult to evaluate Petitioners' assertion that those claims pertain only to the period shortly after implementation of the order on imports from China, although the materials on the current record appear to pertain to activities occurring shortly after implementation of the antidumping duty order on imports from China.

⁶⁰ Even in its anti-circumvention determination, Commerce concluded that Angang had commingled SWG hangers produced in Vietnam with SWG hangers manufactured from semifinished materials originating in China, making it unclear what portion of the imports associated with Angang prior to July 2010 was manufactured in Vietnam and what portion circumvented the order on imports from China. 76 Fed. Reg. at 66899.

⁶¹ Petitions at Vol. I at Exh. I-6.

⁶² CR at I-3, IV-1 at n.1, VII-1 to VII-2 & n.11; PR at I-2, IV-1 at n.1, VII-1 to VII-2 & n.11. According to proprietary Customs data, the leading exporters of SWG hangers from Taiwan are ***. CR at I-3; PR at I-2.

⁶³ Conf. Tr. at 102-103 (Tran); Vietnamese Respondents' Postconf. Br. at 4, 8-12 (inter alia, protesting Petitioners' reliance on the production capacity estimates in Chart 4 during the staff conference). For their part, Petitioners report that their arguments concerning production capacity in Taiwan and Vietnam were estimates of capacity associated with the highest monthly volume of imports from each subject country reflected in official import data since January 2008. Conf. Tr. at 42-43 (Waite); Petitioners' Postconf. Br. at 35-38.

from Taiwan.⁶⁴

With respect to Vietnam, the petitions identified 42 possible producers/exporters of SWG hangers.⁶⁵ Vietnamese Respondents argue that only eight of these groups of companies are actual producers/exporters of SWG hangers in Vietnam.⁶⁶ Vietnamese Respondents, however, identify additional firms that produced SWG hangers in Vietnam during the investigation period but that no longer do so now.⁶⁷ The current record also contains conflicting data on imports and exports of hangers from Vietnam.⁶⁸

Consequently, absent record evidence persuasively indicating the specific volume of imports that was transshipped or otherwise circumvented the order on imports from China, we rely on official import data as the best available measure of the volume of imports from Taiwan and Vietnam, for purposes of the preliminary phase of these investigations. We intend to revisit this issue in any final phase of these investigations.

B. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding

⁶⁴ CR/PR at Table IV-1; CR at IV-5; PR at IV-4 (noting that in their questionnaire responses, importers reported importing from Taiwan *** hangers in 2008, *** hangers in 2009, *** hangers in 2010, *** hangers in interim 2010, and *** hangers in interim 2011). In contrast, according to official import data, imports from Taiwan were 24.4 million hangers in 2008, 331.7 million hangers in 2009, 334.1 million hangers in 2010, 277.4 million hangers in interim 2010, and 54.8 million hangers in interim 2011. CR/PR at Table IV-2. The firm identified in Customs data as being responsible for the *** volume of imports of SWG hangers from Taiwan, ***, provided a late and incomplete response in which it reported importing *** hangers valued at \$***, from Taiwan in 2010. In any final phase of these investigations, the Commission will seek more complete data from this importer as well as questionnaire responses from the *** firms that Customs data identify as the largest importers of SWG hangers from Taiwan, ***. CR at IV-1 at n.1; PR at IV-1 at n.1.

⁶⁵ Petitions at Vol. I at Exh. I-8.

⁶⁶ Conf. Tr. at 100-102 (Tran), 137-138 (Pereira); Vietnamese Respondents' Postconf. Br. at Exh. 5 (recognizing ***). The Commission did not receive questionnaire responses from some of these firms, although Vietnamese Respondents estimate that the non-responding firms account for a small share of production in Vietnam. CR/PR at Table VII-1. Additionally, despite Vietnamese Respondents' lack of knowledge of the Dai-Nam Company listed in the petitions as a possible producer/exporter in Vietnam, Petitioners argue that the firm presents itself in its English/Vietnamese website as a significant SWG hanger manufacturer. Conf. Tr. at 144 (Waite).

⁶⁷ Vietnamese Respondents' Postconf. Br. at Exh. 5. None of the reportedly closed Vietnamese firms submitted questionnaire responses. CR/PR at Table VII-1.

⁶⁸ According to official import data, imports from Vietnam were 94.0 million hangers in 2008, 426.6 million hangers in 2009, 823.9 million hangers in 2010, 607.5 million hangers in interim 2010, and 733.1 million hangers in interim 2011. CR/PR at Table IV-2. According to importer questionnaire responses, imports from Vietnam were *** hangers in 2008, *** hangers in 2009, *** hangers in 2010, *** hangers in interim 2010, and *** hangers in interim 2011. CR at IV-5; PR at IV-4. By comparison, according to foreign producer questionnaire responses, responding producers in Vietnam exported *** hangers to the United States in 2008, *** hangers in 2009, *** hangers in 2010, *** hangers in interim 2010, and *** hangers in interim 2011. CR/PR at Table VII-2.

the filing of the petition shall be deemed negligible.⁶⁹ Imports that are individually negligible may not be negligible if the aggregate volumes of imports from several countries with negligible imports exceeds 7 percent of all such merchandise imported into the United States in the statutory period for assessing negligibility referenced above.⁷⁰ By operation of law, a finding of negligibility terminates the Commission's investigation with respect to such imports.⁷¹ The Commission is authorized to make "reasonable estimates on the basis of available statistics" of pertinent import levels for purposes of deciding negligibility.⁷²

Petitioners ask the Commission to assess the volume and trends of imports from Taiwan and Vietnam using data from official import data for two reasons: (1) official import data are "probably the most valid information" because the tariff reporting number corresponds to SWG hangers,⁷³ and (2) the Commission received relatively few foreign producer/exporter questionnaire responses, although a somewhat higher number of responses from importers.⁷⁴ In contrast, Vietnamese Respondents claim official import data "are essentially worthless" due to the large volume of SWG hangers they assert are being transshipped through Taiwan and Vietnam and/or are otherwise circumventing the order on imports from China.⁷⁵ They suggest that the Commission use official statistics as a starting point but then adjust the data to remove imports originating from China rather than Taiwan or Vietnam.⁷⁶ Based on their estimate that 90 percent of imports from Taiwan are transshipped or circumventing the order on imports from China, Vietnamese Respondents argue that imports from Taiwan are negligible.⁷⁷

⁶⁹ 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(I), 1677(24)(B); 15 C.F.R. § 2013.1.

⁷⁰ 19 U.S.C. § 1677(24)(A)(i)-(ii).

⁷¹ 19 U.S.C. §§ 1671b(a)(1), 1673b(a)(1).

⁷² 19 U.S.C. § 1677(24)(C); see also URAA SAA at 186.

⁷³ The scope of the investigations does exclude four types of hangers, and some of these hangers would be classified under the same tariff reporting number as SWG hangers, but Petitioners assert that any such out-of-scope products would consist of "minuscule" quantities from China and not imports from either Taiwan or Vietnam. Conf. Tr. at 69-70, 142 (Waite).

⁷⁴ Conf. Tr. at 57-59 (Waite).

⁷⁵ Conf. Tr. at 114 (Neeley).

⁷⁶ Conf. Tr. at 114 (Neeley).

⁷⁷ Vietnamese Respondents' Postconf. Br. at 13.

For the reasons discussed above, we have not adjusted official import data to account for circumvention or transshipment absent persuasive record evidence of the specific volumes involved. Based on official import data, during the most recent 12-month period preceding the filing of the petition for which data are available, subject imports from Taiwan accounted for 3.4 percent of all imports of SWG hangers, and subject imports from Vietnam accounted for 45.7 percent of all imports of SWG hangers.⁷⁸ Because subject imports from each subject country were above the applicable statutory negligibility threshold, we find that subject imports from each source are not negligible for purposes of these preliminary determinations.

VI. CUMULATION

For purposes of evaluating the volume and price effects for a determination of reasonable indication of material injury by reason of subject imports, section 771(7)(G)(i) of the Tariff Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with the domestic like product in the U.S. market.⁷⁹ In assessing whether subject imports compete with each other and with the domestic like product, the Commission generally has considered four factors:

- (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
- (2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;
- (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
- (4) whether the subject imports are simultaneously present in the market.⁸⁰

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.⁸¹ Only a “reasonable overlap” of competition is required.⁸²

Petitioners argue that the Commission should cumulate subject imports from Taiwan with subject imports from Vietnam, because these goods are fungible with one another and with the domestic like

⁷⁸ CR at IV-8; PR IV-7.

⁷⁹ 19 U.S.C. § 1677(7)(G)(i).

⁸⁰ See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Invs. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), aff’d, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int’l Trade), aff’d, 859 F.2d 915 (Fed. Cir. 1988).

⁸¹ See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int’l Trade 1989).

⁸² The URAA SAA expressly states that “the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition.” H.R. Doc. No. 103-316, Vol. I at 848 (citing Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int’l Trade 1988)), aff’d, 859 F.2d 915 (Fed. Cir. 1988); see Goss Graphic Sys., Inc. v. United States, 33 F. Supp. 2d 1082,1087 (Ct. Int’l Trade 1998) (“cumulation does not require two products to be highly fungible”); Wieland Werke, AG, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”).

product, and all were sold simultaneously in the same channels of distribution and throughout the United States.⁸³ For purposes of the staff conference, Vietnamese Respondents assume the Commission would cumulate subject imports from Taiwan and Vietnam.⁸⁴ In their brief, they argue that imports from Taiwan are negligible.⁸⁵ As discussed above, we do not find imports from Taiwan to be negligible. Accordingly, the exception to cumulation for negligible imports (19 U.S.C. § 1677(7)(G)(ii)(II)) does not apply, and imports from Taiwan are eligible for cumulation with imports from Vietnam.⁸⁶

As an initial matter, Petitioners filed the antidumping and countervailing duty petitions with respect to imports from Taiwan and Vietnam on the same day, December 29, 2011.⁸⁷ Based on the current record and for the reasons discussed below, we also find a reasonable overlap of competition between subject imports from Taiwan and Vietnam and between subject imports and the domestic like product.

Fungibility: The Commission collected data concerning the types of SWG hangers produced in the United States and imported from Taiwan and Vietnam, and concerning the types of coatings on SWG hangers produced in the United States and imported from Taiwan and Vietnam. There are similarities in the types of hangers sold in the U.S. market by producers in the United States, Taiwan, and Vietnam.⁸⁸ Although there are some differences,⁸⁹ there are also some similarities in the types of coatings of SWG hangers sold in the U.S. market that were manufactured in Taiwan, Vietnam, and the United States.⁹⁰

⁸³ Petitioners' Postconf. Br. at 8-9, 24-27; Conf. Tr. at 35, 43 (Waite).

⁸⁴ Conf. Tr. at 114-115 (Neeley).

⁸⁵ Vietnamese Respondents' Postconf. Br. at 13.

⁸⁶ No other exception to cumulation applies, nor does any party argue otherwise.

⁸⁷ CR at I-1; PR at I-1; see 19 U.S.C. § 1677(7)(G)(i).

⁸⁸ The majority of U.S. shipments of SWG hangers from Taiwan (***) percent) and Vietnam (***) percent) in 2010 consisted of shirt, suit, strut, and caped hangers, although these hangers accounted for a lesser share of the domestic industry's U.S. shipments (***) percent). The greatest share of the domestic industry's shipments (***) percent) were of uniform rental hangers, whereas ***) percent of imports from Vietnam and ***) percent of imports from Taiwan consisted of such products. CR at IV-8 to IV-9; PR at IV-7; CR/PR at Table IV-4.

⁸⁹ Domestic producer Indy Hangers produces SWG hangers using galvanized wire, whereas Vietnamese Respondents argue that only limited quantities of galvanized hangers were imported from Vietnam on a trial basis. Conf. Tr. at 63-64 (Magnus), 64 (Smith, Pedelty), 71 (Magnus), 99 (Neeley), 122-23 (Goldman, Neeley) (arguing that any galvanized products were instead imported from South Korea). According to questionnaire responses, galvanized wire hangers accounted for ***) percent of domestic shipments and ***) and ***) percent of U.S. shipments from Vietnam and Taiwan, respectively. CR/PR at Table IV-5.

⁹⁰ Although firms in China and the United States reportedly use toxic paints to coat their hangers, environmental restrictions in Vietnam apparently allow only for the use of water-based paints (which are difficult to apply) and powder coating. Consequently, a witness for Vietnamese Respondents reported that legitimately produced SWG hangers from Vietnam are thermosetting epoxy powder-coated, not painted. Conf. Tr. at 118-119 (Lim). According to data reported by questionnaire respondents, however, painted hangers accounted for a sizeable share of U.S. shipments of SWG hangers made in the United States (***) percent), Taiwan (***) percent), and Vietnam (***) percent). Taiwan also supplied the U.S. market with plain hangers (***) percent), whereas both domestic and Vietnamese producers supplied latex-coated hangers (***) percent of the domestic industry's U.S.

Petitioners argue that SWG hangers, regardless of coating and whether made from galvanized or non-galvanized wire, are commodity products that are interchangeable regardless of source.⁹¹ Similarly, responding domestic producers reported that SWG hangers produced in the United States, Taiwan, and Vietnam are “always” interchangeable with one another, and a majority of importers reported that these products are at least “frequently” or “always” used interchangeably with one another.⁹² Consequently, the current record reflects a high degree of fungibility among SWG hangers made in the United States, Taiwan, and Vietnam.⁹³

Channels of distribution: Regardless of source, SWG hangers manufactured in Taiwan, Vietnam, and the United States were sold to both distributors and end users, although a higher portion of imports from Taiwan and Vietnam than of domestically produced SWG hangers were sold to distributors than end users.⁹⁴

Geographic overlap: Petitioners report that SWG hangers from Taiwan and Vietnam are sent not only to ports on the West Coast, where U.S. Hanger and Metro Supply are located, but also to other ports in the United States where they compete with Petitioners’ products.⁹⁵ Questionnaire respondents reported that products manufactured in the United States, Taiwan, and Vietnam competed in similar geographic markets throughout the United States, and especially in the Northeast, Midwest, and Southeast.⁹⁶

Simultaneous presence: The domestic industry sold SWG hangers in the U.S. market throughout the investigation period.⁹⁷ In the 45 months between January 2008 and September 2011, imports of SWG hangers from Taiwan and Vietnam entered the United States in 41 and 42 months, respectively, although their monthly volumes varied markedly over time.⁹⁸

In sum, because the relevant antidumping and countervailing duty petitions were filed on the

shipments and *** percent of U.S. shipments of imports from Vietnam, respectively). Producers in Vietnam also supplied the U.S. market with epoxy-coated hangers (*** percent of U.S. shipments of imports from Vietnam) and vinyl-coated hangers (*** percent of U.S. shipments of imports from Vietnam). CR/PR at Table IV-5.

⁹¹ Petitioners’ Postconf. Br. at 8-9; Conf. Tr. at 35, 43 (Waite).

⁹² CR/PR at Table II-3.

⁹³ CR at II-9; PR at II-8.

⁹⁴ CR/PR at Table II-1 (showing the majority of U.S.-produced (between 50.8 and 62.2 percent) and imported SWG hangers from Taiwan (between 74.2 and 98.1 percent) and Vietnam (between 76.0 and 93.5 percent) were sold to distributors, with the remaining sales going to end users).

⁹⁵ Petitioners’ Postconf. Br. at 8 (citing Respondents’ witness, Mr. Goldman (Conf. Tr. at 111), as concurring on this point); Conf. Tr. at 96 (Waite), 96 (Magnus) (reporting M&B’s largest sales area is “the eastern half of the United States, Texas east”), 97 (Smith) (reporting some sales to the West but mostly to the Midwest).

⁹⁶ CR at II-2; PR at II-2; CR/PR at Table II-2; CR at IV-11; PR at IV-8 to IV-9.

⁹⁷ CR/PR at Tables V-2 to V-6.

⁹⁸ CR at IV-10; PR at IV-8.

same day and the current record indicates that subject imports from Taiwan and Vietnam are fungible with one another and the domestic like product and that SWG hangers from all three sources were present in the U.S. market throughout the investigation period and were sold in overlapping geographic regions in overlapping channels of distribution, we cumulate subject imports from Taiwan and Vietnam for purposes of our analysis in the preliminary phase of these investigations to determine whether there is a reasonable indication of material injury by reason of subject imports.

VII. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF SUBJECT MERCHANDISE FROM TAIWAN AND VIETNAM

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.⁹⁹ In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.¹⁰⁰ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”¹⁰¹ In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.¹⁰² No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”¹⁰³

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is “materially injured by reason of” unfairly traded imports,¹⁰⁴ it does not define the phrase “by reason of,” indicating that this aspect of the injury analysis is left to the Commission’s reasonable exercise of its discretion.¹⁰⁵ In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the “by reason of” standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a

⁹⁹ 19 U.S.C. §§ 1671b(a), 1673b(a).

¹⁰⁰ 19 U.S.C. § 1677(7)(B)(i). The Commission “may consider such other economic factors as are relevant to the determination” but shall “identify each {such} factor ... {a}nd explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B).

¹⁰¹ 19 U.S.C. § 1677(7)(A).

¹⁰² 19 U.S.C. § 1677(7)(C)(iii).

¹⁰³ 19 U.S.C. § 1677(7)(C)(iii).

¹⁰⁴ 19 U.S.C. §§ 1671b(a), 1673b(a).

¹⁰⁵ Angus Chemical Co. v. United States, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) (“{T}he statute does not ‘compel the commissioners’ to employ {a particular methodology}.”), aff’g 944 F. Supp. 943, 951 (Ct. Int’l Trade 1996).

sufficient causal, not merely a temporal, nexus between subject imports and material injury.¹⁰⁶

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include non-subject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.¹⁰⁷ In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.¹⁰⁸ Nor does the “by reason of” standard require that unfairly traded imports be the “principal” cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as non-subject imports, which may be contributing to overall injury to an industry.¹⁰⁹ It is clear that the existence of

¹⁰⁶ The Federal Circuit, in addressing the causation standard of the statute, has observed that “[a]s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement.” Nippon Steel Corp. v. USITC, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was re-affirmed in Mittal Steel Point Lisas Ltd. v. United States, 542 F.3d 867, 873 (Fed. Cir. 2008), in which the Federal Circuit, quoting Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that “this court requires evidence in the record ‘to show that the harm occurred “by reason of” the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.’” See also Nippon Steel Corp. v. United States, 458 F.3d 1345, 1357 (Fed. Cir. 2006); Taiwan Semiconductor Industry Ass’n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

¹⁰⁷ URAA SAA, H.R. Rep. 103-316, Vol. I at 851-52 (1994) (“[T]he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.”); S. Rep. 96-249 at 75 (1979) (the Commission “will consider information which indicates that harm is caused by factors other than less-than-fair-value imports.”); H.R. Rep. 96-317 at 47 (1979) (“in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;” those factors include “the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry”); accord Mittal Steel, 542 F.3d at 877.

¹⁰⁸ URAA SAA at 851-52 (“[T]he Commission need not isolate the injury caused by other factors from injury caused by unfair imports.”); Taiwan Semiconductor Industry Ass’n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001) (“[T]he Commission need not isolate the injury caused by other factors from injury caused by unfair imports Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.” (emphasis in original)); Asociacion de Productores de Salmon y Trucha de Chile AG v. United States, 180 F. Supp. 2d 1360, 1375 (Ct. Int’l Trade 2002) (“[t]he Commission is not required to isolate the effects of subject imports from other factors contributing to injury” or make “bright-line distinctions” between the effects of subject imports and other causes.); see also Softwood Lumber from Canada, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that “[i]f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, i.e., it is not an ‘other causal factor,’ then there is nothing to further examine regarding attribution to injury”), citing Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997) (the statute “does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.”).

¹⁰⁹ S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

injury caused by other factors does not compel a negative determination.¹¹⁰

Assessment of whether material injury to the domestic industry is “by reason of” subject imports “does not require the Commission to address the causation issue in any particular way” as long as “the injury to the domestic industry can reasonably be attributed to the subject imports” and the Commission “ensure{s} that it is not attributing injury from other sources to the subject imports.”^{111 112} Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”¹¹³

The Federal Circuit’s decisions in Gerald Metals, Bratsk, and Mittal Steel all involved cases in which the relevant “other factor” was the presence in the market of significant volumes of price-competitive non-subject imports. The Commission interpreted the Federal Circuit’s guidance in Bratsk as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive non-subject imports.¹¹⁴ The additional “replacement/benefit” test looked at whether non-subject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago determination that underlies the Mittal Steel litigation.

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

¹¹⁰ See Nippon, 345 F.3d at 1381 (“an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the ‘dumping’ need not be the sole or principal cause of injury.”).

¹¹¹ Mittal Steel, 542 F.3d at 877-78; see also id. at 873 (“While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured ‘by reason of’ subject imports, the Commission is not required to follow a single methodology for making that determination {and has} broad discretion with respect to its choice of methodology.”) citing United States Steel Group v. United States, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75.

¹¹² Commissioner Pinkert does not join this paragraph or the following three paragraphs. He points out that the Federal Circuit, in Bratsk, 444 F.3d 1369, and Mittal, held that the Commission is required, in certain circumstances when considering present material injury, to undertake a particular kind of analysis of non-subject imports, albeit without reliance on presumptions or rigid formulas. Mittal explains as follows:

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

542 F.3d at 878.

¹¹³ Nucor Corp. v. United States, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); see also Mittal Steel, 542 F.3d at 879 (“Bratsk did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was ‘by reason’ of subject imports.”).

¹¹⁴ Mittal Steel, 542 F.3d at 875-79.

injury from non-subject imports or other factors to subject imports.¹¹⁵ Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to Bratsk.

The progression of Gerald Metals, Bratsk, and Mittal Steel clarifies that, in cases involving commodity products where price-competitive non-subject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.¹¹⁶

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard. Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.¹¹⁷

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is a reasonable indication of material injury by reason of subject imports.

1. Demand Conditions

Demand for SWG hangers is derived from demand from the industries using SWG hangers.¹¹⁸ Petitioners argue that the United States is the largest market in the world for SWG hangers, with no other country consuming even a fraction of the volume consumed in the United States.¹¹⁹ The parties agree that there are two types of SWG hangers customers in the United States: (1) the industrial laundry, uniform rental, or textile firms that use SWG hangers in their operations of washing, delivering, or renting clothes for automobile assembly plants, steel mills, car dealerships, hospitals, airline employees, and the like, and (2) dry cleaning distributors that buy SWG hangers for resale to local dry cleaners throughout the United

¹¹⁵ Mittal Steel, 542 F.3d at 873 (quoting from Gerald Metals, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission's alternative interpretation of Bratsk as a reminder to conduct a non-attribution analysis).

¹¹⁶ To that end, after the Federal Circuit issued its decision in Bratsk, the Commission began to present published information or send out information requests in final phase investigations to producers in non-subject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large non-subject import suppliers). In order to provide a more complete record for the Commission's causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested information in final phase investigations in which there are substantial levels of non-subject imports.

¹¹⁷ Mittal Steel, 542 F.3d at 873; Nippon, 458 F.3d at 1350, citing U.S. Steel Group, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

¹¹⁸ CR at II-7; PR at II-8.

¹¹⁹ Conf. Tr. at 21 (Magnus), 47 ("the United States is in effect the world market for SWG hangers. There are small quantities of SWG hangers sold in other markets, but the United States is the overwhelming market that uses this product. Other countries' dry cleaning industries fold their garments and put them in boxes, tie them up with ribbons, and the like. In the United States, we use hangers ... ") (Waite); CR at II-1; PR at II-1.

States.¹²⁰ Petitioners and Vietnamese Respondents estimate that 30 to 35 percent of the U.S. SWG hangers market consists of sales to the industrial laundry/uniform rental industry, compared to 65 to 70 percent for dry cleaning sales.¹²¹ The industrial laundry/uniform rental firms typically purchase their SWG hangers in pallets of boxes containing 500 hangers each, either directly from a producer or indirectly through a master distributor such as United Wire Hanger; dry cleaning firms purchase boxes of 250 or 500 SWG hangers through distributors.¹²² The parties agree that approximately six or seven leading firms account for most sales to industrial laundry/uniform rental firms, whereas approximately 100 distributors (about two or three per state) account for most sales to dry cleaners.¹²³ According to Petitioners, price is the overriding factor in purchasing decisions in this industry.¹²⁴

Petitioners argue that there is not much seasonality in demand for this product.¹²⁵ Most importers (12 of 18) reported that SWG hangers were not subject to distinctive business cycles, although five reported that demand was seasonal, with three of them reporting that summer months were slow, two reporting that winter months were slow, and one reporting that demand spikes around holidays.¹²⁶

Petitioners report that demand for SWG hangers in the United States has been relatively consistent in the last two decades, experiencing only a slight recession-related decline in some regions.¹²⁷ One of respondents' witnesses asserted that demand for SWG hangers has declined due to the recession and the increased availability of clothing that does not need dry cleaning.¹²⁸ Petitioners claim that this witness' assertion makes no sense, and they question why Vietnamese Respondents decided to invest in new facilities in Vietnam and ramp up their exports to the United States in the midst of a recession if demand for the product has been declining.¹²⁹ According to questionnaire data, seven of the responding U.S. importers reported a decrease in demand since 2008; most such firms cited the poor economy.¹³⁰ Six of the responding U.S. importers reported demand had fluctuated since January 2008, again mainly citing the economy; two U.S. importers reported no change in demand, and one reported that demand had

¹²⁰ Conf. Tr. at 26 (Pedelty); CR at II-1, II-7; PR at II-6.

¹²¹ Conf. Tr. at 74-75 (Magnus), 126-127 (Goldman).

¹²² Conf. Tr. at 66 (Magnus); CR at I-12; PR at I-9.

¹²³ Conf. Tr. at 75-76 (Pedelty, Smith), 127-128 (Goldman).

¹²⁴ Petitioners' Postconf. Br. at 8.

¹²⁵ Petitioners' Postconf. Br. at 10-11; Conf. Tr. at 62-63 (Pedelty), 63 (Crowder).

¹²⁶ CR at II-8; PR at II-6. One U.S. importer reported that "business cycles" affected demand for SWG hangers. CR at II-8; PR at II-6.

¹²⁷ Petitioners' Postconf. Br. at 10-11; Conf. Tr. at 62-63 (Pedelty), 63 (Crowder), 94-95 (Pedelty). In questionnaire responses, one U.S. producer reported a decrease in demand since 2008, one U.S. producer reported no change in demand, and one reported that demand had increased. CR at II-8 to II-9; PR at II-7.

¹²⁸ Conf. Tr. at 121-22 (Lim).

¹²⁹ Conf. Tr. at 146-147 (Waite); Petitioners' Postconf. Br. at 10-11.

¹³⁰ CR at II-8; PR at II-7.

increased.¹³¹

Apparent U.S. consumption of SWG hangers, by quantity, fell from *** hangers in 2008 to *** hangers in 2009 and *** hangers in 2010; it was *** hangers in the first nine months of 2010 and *** hangers in the first nine months of 2011.¹³²

2. Supply Conditions

Petitioners report that the technology used to manufacture SWG hangers is not sophisticated. Although M&B manufactures its own equipment,¹³³ globally only a few firms manufacture SWG hanger production equipment.¹³⁴ Petitioners argue that the production equipment is portable and that production equipment, expertise, and financing were immediately transferred from China to firms in Taiwan and Vietnam as a result of the antidumping duty order on imports from China.¹³⁵ Vietnamese Respondents agree that the cost of setting up SWG hanger production in other countries is not substantial, and it does not take much expertise to run such a factory.¹³⁶ Vietnamese Respondents report that a hanger machine requires limited space, meaning that it is relatively easy to move a container of 8 to 10 machines anywhere, train the workers for 1 to 3 weeks, and hire an engineer capable of repairing the machinery.¹³⁷ They assert that the most difficult obstacle is obtaining the equipment, given that the number of firms manufacturing SWG production equipment is limited and such firms are likely only capable of producing two or three machines a month.¹³⁸

During the period investigated, the U.S. market was supplied by non-subject imports, subject imports, and domestic production. Non-subject imports declined from *** percent of apparent U.S. consumption, by quantity, in 2008 to *** percent in 2010 and held *** percent of the market in interim 2010 and *** percent of the market in interim 2011.¹³⁹ Cumulated subject imports increased their presence in the U.S. market, accounting for the smallest share of the market in 2008 and the largest by the end of the investigation period.¹⁴⁰ The domestic industry's share of the U.S. market increased from ***

¹³¹ CR at II-9; PR at II-7.

¹³² CR/PR at Table IV-6, Table IV-7.

¹³³ Conf. Tr. at 45 (Magnus), 65 (Crowder).

¹³⁴ Conf. Tr. at 64-65 (Crowder) (reporting that Indy Hanger purchased its machinery from Taiwan, did not like the equipment manufactured in China, and found the machinery made in Switzerland to be very expensive).

¹³⁵ Conf. Tr. at 47-48 (Waite).

¹³⁶ Conf. Tr. at 117-118 (Lim), 119-120 (Pereira).

¹³⁷ Conf. Tr. at 119-120 (Pereira).

¹³⁸ Conf. Tr. at 119-120 (Pereira).

¹³⁹ CR/PR at Table IV-7.

¹⁴⁰ Subject imports from Taiwan increased from *** percent of the U.S. market in 2008 to *** percent in 2010, and they held *** percent of the market in interim 2010 and *** percent in interim 2011. Subject imports from Vietnam increased from *** percent of the U.S. market in 2008 to *** percent in 2010, and their market share was *** percent in interim 2010 and *** percent in interim 2011. CR/PR at Table IV-7.

percent in 2008 to *** percent in 2010 and was *** percent in interim 2010 and *** percent in interim 2011.¹⁴¹

Non-subject imports: China and Mexico were the leading sources of non-subject imports in the U.S. market during the investigation period.¹⁴² According to Petitioners, low-priced SWG hangers from China began entering the U.S. market in late 1990.¹⁴³ Although a section 421 petition filed on November 22, 2002, resulted in no import relief, the United States imposed an antidumping duty order on imports of steel wire garment hangers from China on October 6, 2008.¹⁴⁴ Vietnamese Respondents argue that domestic producer/petitioner M&B established an affiliate in Mexico in 2002 after the President denied relief in the section 421 investigation because it costs less to produce in Mexico than in the United States.¹⁴⁵ Our record, however, shows that M&B established its SWG hanger production facility in Piedras Negras, Mexico in 1999.¹⁴⁶

Domestic suppliers: Since the domestic industry filed the section 421 petition in late 2002, the identities of the domestic producers have changed. Those petitions were filed by domestic producers CHC, M&B, and United Wire Hangers.¹⁴⁷ CHC, which at that time was the largest producer of SWG hangers in the United States and globally, filed for bankruptcy in late 2003.¹⁴⁸ United Wire Hangers, which manufactured wire hangers in New Jersey for almost 45 years, shut down its U.S. production facility in June 2006, sold off the rest of its domestic inventory that year, and is now known as JL Imports and UWH Industries, family-owned businesses that import SWG hangers.¹⁴⁹

After the antidumping duty order on imports from China was imposed in October 2008, five companies began domestic SWG hanger production: Indy Hanger of Indiana (2008),¹⁵⁰ U.S. Hanger of

¹⁴¹ CR/PR at Table IV-7.

¹⁴² CR at IV-6; PR at IV-4; CR/PR at Table IV-3.

¹⁴³ Conf. Tr. at 28 (Pedelty).

¹⁴⁴ Conf. Tr. at 28 (Pedelty); 73 Fed. Reg. 58111 (Oct. 6, 2008).

¹⁴⁵ Conf. Tr. at 110-111 (Goldman).

¹⁴⁶ CR at VII-11; PR at VII-7. M&B reported that ***; it reported that ***. M&B argued that the absolute volume of its imports from Mexico ***. Petitioners' Postconf. Br. at 14-15.

¹⁴⁷ CR at I-4; PR at I-3.

¹⁴⁸ Conf. Tr. at 26 (Pedelty); CR/PR at Table III-2.

¹⁴⁹ Conf. Tr. at 27 (Pedelty), 109-110 (Goldman), 138-139 (Goldman). Representatives from United Wire Hangers and another former domestic producer turned importer, Laidlaw Company LLC, participated in the Commission's investigation of imports from China in opposition to relief. USITC Pub. 4034 at 3, B-5. Laidlaw ceased U.S. production operations in 2007, and the machinery from Laidlaw's Wisconsin plant was purchased by Shanti. CR/PR at Table III-2. Other U.S. producers also ceased production prior to January 2008, the start of the investigation period in these investigations. Id.

¹⁵⁰ Unlike some other producers that purchase wire rod and then draw the rod into wire for use in their production process, Indy Hanger buys galvanized wire that it uses to form SWG hangers; it does not paint its hangers, because the zinc coating from the galvanized wire protects against rust. It argues that the majority of the

California (2009), Eagle Hangers of Texas (2009), Great Plains Hanger of Nebraska (2010), and Platinum Hanger of Delaware (2008).¹⁵¹ Great Plains and Platinum Hanger both subsequently shut down; Petitioners argue that this was due to the increase in subject imports from Taiwan and Vietnam.¹⁵² Moreover, Petitioners argued, Shanti Industries, which started production around the time that the order on imports from China went into effect, initially expanded by acquiring production facilities in Wisconsin and contemplated beginning production in Kentucky to supplement its production in California, then filed for bankruptcy, liquidated its assets, and had to stop all production by early 2011.¹⁵³ Petitioners are unaware what happened to most of the production equipment previously operated by firms that no longer produce hangers.¹⁵⁴

We will explore the changes in the domestic industry in any final phase of these investigations, particularly the reasons for the closure of U.S. manufacturing facilities.

3. Substitutability

The degree of substitutability between SWG hangers produced domestically and those imported from Taiwan and Vietnam depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates), and conditions of sale.¹⁵⁵ Conditions of sale, in turn, depend on factors such as price discounts/rebates, lead times between order and delivery dates, payment terms, and sales-related services.¹⁵⁶ As noted earlier, responding domestic producers reported that SWG hangers produced in the United States, Taiwan, and Vietnam are “always” interchangeable with one another, and a majority of importers reported that these products are at least “frequently” or “always” used interchangeably with one another.¹⁵⁷ Based on the information reported in the preliminary phase of these investigations, we find a high degree of substitutability among SWG hangers produced in the United States and those

U.S. market consists of painted hangers but that its galvanized hangers compete directly against painted hangers. Conf. Tr. at 32-33 (Smith).

¹⁵¹ Conf. Tr. at 18 (Magnus), 40 (Waite).

¹⁵² Conf. Tr. at 18-19 (Magnus), 40 (Waite).

¹⁵³ Conf. Tr. at 18-19 (Magnus), 40 (Waite). Vietnamese Respondents argue that, in other fora, Petitioners appear to have claimed that the closure of Shanti and Platinum was due to transshipped imports from China. They also argue that the closure of several domestic producers was due to “manufacturing issues,” not subject imports. Vietnamese Respondents’ Postconf. Br. at 7-12, 19, Exh. 1, Exh. 2; Conf. Tr. at 140-140 (Pereira) (explaining that Platinum only sold shirt hangers yet purchasers sought suppliers of a range of products).

¹⁵⁴ Conf. Tr. at 73-74 (Magnus) (M&B purchased two machines from Platinum but is not aware where the other Platinum equipment went, and it submitted too low a bid on the Shanti equipment, so that equipment may still be available in Wisconsin), 74 (Crowder) (Indy Hanger bid on Great Plains but believes the equipment was sold to someone else, possibly in Mexico).

¹⁵⁵ CR at II-9; PR at II-7.

¹⁵⁶ CR at II-9; PR at II-7.

¹⁵⁷ CR/PR at Table II-3.

produced in Taiwan and Vietnam.¹⁵⁸

C. Volume of Cumulated Subject Imports from Taiwan and Vietnam

Section 771(7)(C)(i) of the Tariff Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”¹⁵⁹

The volume of cumulated subject imports increased dramatically over the investigation period in both absolute and relative terms. Cumulated subject imports increased 878.7 percent between 2008 and 2010, from 118.3 million hangers in 2008 to 758.2 million hangers in 2009 and further to 1.2 billion hangers in 2010.¹⁶⁰ In interim 2011, cumulated subject imports were 11 percent lower (787.9 million

¹⁵⁸ CR at II-9; PR at II-7.

¹⁵⁹ 19 U.S.C. § 1677(7)(C)(i).

¹⁶⁰ CR/PR at Table IV-6, Table C-1.

hangers) than in interim 2010 (884.9 million hangers), but were considerably higher than the level in full-year 2008.¹⁶¹

Cumulated subject imports also dramatically increased their share of apparent U.S. consumption.¹⁶² Their market share increased from *** percent in 2008 to *** percent in 2009 and further to *** percent in 2010, although their market share in interim 2010 (*** percent) was higher than their market share in interim 2011 (*** percent).¹⁶³ During this period, non-subject imports declined overall as imports from China became subject to an antidumping duty order,¹⁶⁴ and the domestic industry slightly increased its still relatively modest share of the U.S. market.¹⁶⁵

The volume of cumulated subject imports from Taiwan and Vietnam also increased substantially relative to the domestic industry's production. The ratio of cumulated subject imports to domestic production increased from *** percent in 2008 to *** percent in 2009 and *** percent in 2010 and was *** percent in interim 2010 and *** percent in interim 2011.¹⁶⁶

¹⁶¹ CR/PR at Table IV-6, Table C-1.

¹⁶² CR/PR at Table IV-7, Table C-1.

¹⁶³ CR/PR at Table IV-7, Table C-1.

¹⁶⁴ Non-subject imports declined from 2.5 billion hangers in 2008 to 1.3 billion hangers in 2009 and 748.4 million hangers in 2010; non-subject imports were 581.0 million hangers in interim 2010 and 767.4 million hangers in interim 2011. CR/PR at Table IV-6, Table C-1. Their market share declined from *** percent in 2008 to *** percent in 2009 and *** percent in 2010, and was *** percent in interim 2010 and *** percent in interim 2011. CR/PR at Table IV-7, Table C-1.

¹⁶⁵ The domestic industry's U.S. shipments increased from *** hangers in 2008 to *** hangers in 2009 and *** million hangers in 2010; its U.S. shipments were *** hangers in interim 2010 and *** in interim 2011. CR/PR at Table IV-6, Table C-1. Their market share increased from *** percent in 2008 to *** percent in 2009 and *** percent in 2010, and was *** percent in interim 2010 and *** percent in interim 2011. CR/PR at Table IV-7, Table C-1.

¹⁶⁶ CR/PR at Table IV-8.

Based on the data collected in the preliminary phase of these investigations, we conclude that the volume of cumulated subject imports and the increase in that volume during the investigation period are significant both in absolute terms and relative to consumption and production in the United States.

D. Price Effects of the Cumulated Subject Imports from Taiwan and Vietnam

Section 771(C)(ii) of the Tariff Act provides that, in evaluating the price effects of subject imports,

the Commission shall consider whether – (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.¹⁶⁷

Prices of SWG hangers may fluctuate based on demand factors, such as overall U.S. economic activity and consumption by dry cleaning, industrial laundry, uniform rental, and textile firms. Other factors affecting prices include raw material costs, product specifications, and transportation costs.¹⁶⁸ The primary raw material used to manufacture SWG hangers is low-carbon steel wire, which is purchased as steel wire or purchased as steel wire rod and then drawn into wire.¹⁶⁹ Prices of low-carbon steel wire rod fluctuated throughout the investigation period.¹⁷⁰

Based on available record information, we find that price is an important factor to purchasers of SWG hangers in the U.S. market.¹⁷¹ When asked whether differences other than price are ever significant to purchasers in choosing among SWG hangers from different sources, domestic producers responded “never,” although one domestic producer reported “sometimes” with respect to a comparison of domestically produced hangers and imports from Vietnam.¹⁷² Importers were more divided on this question.¹⁷³

¹⁶⁷ 19 U.S.C. § 1677(7)(C)(ii).

¹⁶⁸ CR at II-1, II-7 to II-9, V-1 to V-4; PR at II-1, V-1.

¹⁶⁹ CR at V-1; PR at V-1. At least one producer in the United States utilizes galvanized steel wire. Conf. Tr. at 32-33, 70-71 (Smith, Magnus).

¹⁷⁰ Prices for low-carbon steel wire rod rose 35 percent between January and August 2008 but then declined until early 2009. Prices were fairly stable until December 2010, when they began rising again through July 2011. Prices were stable between July and September 2011. CR at V-1; PR at V-1; CR/PR at Figure V-1.

¹⁷¹ CR at II-11; PR at II-7 to II-8; CR/PR at Table II-4.

¹⁷² CR/PR at Table II-4; CR at II-11; PR at II-8.

¹⁷³ Four importers reported “sometimes” or “never” with respect to the comparison of products made in the United States and Vietnam and three reported the same for the country pairs of the United States and Vietnam and Taiwan and Vietnam. Eight U.S. importers reported that factors other than price were “always” or “frequently” important when comparing SWG hangers made in the United States and Vietnam, and two reported that other factors were “always” important in comparing products made in the United States and Taiwan. The primary explanation for these responses was that the ***. CR at II-9; PR at II-9; CR/PR at Table II-4.

The Commission collected quarterly, weighted-average, f.o.b. prices and quantities on five SWG hanger products for the period January 2008 through September 2011.¹⁷⁴ Three domestic producers and 15 importers submitted usable pricing data, although not all firms reported data for all products, periods, or sources.¹⁷⁵ In 2010, reported pricing data accounted for approximately 44.0 percent of reported domestic producers' shipments of SWG hangers, 5.4 percent of subject imports from Taiwan, 19.3 percent of subject imports from Vietnam, and 28.6 percent of SWG hanger imports from non-subject countries.¹⁷⁶

According to the pricing data, subject imports from Taiwan and Vietnam undersold the domestic like product in 77 quarters and oversold the domestic like product in 39 quarters.¹⁷⁷ Underselling margins ranged from 2.5 percent to 49.8 percent and averaged 15.0 percent.¹⁷⁸ Three domestic producers reported 97 lost sales allegations totaling \$*** and involving *** cases of SWG hangers and *** individual SWG hangers.¹⁷⁹ Domestic producers also reported 124 lost revenue allegations totaling \$*** and involving *** SWG hangers.¹⁸⁰ Although several purchasers did not respond to the inquiry, responding purchasers confirmed a number of these lost sales allegations (32 lost sales involving \$***) and lost revenue allegations (62 lost revenues involving \$***).¹⁸¹ Nine of 14 responding purchasers reported having switched purchases of SWG hangers from those manufactured domestically to those made in Taiwan

¹⁷⁴ These include (1) 18-inch shirt hangers; (2) 13-gauge/16-inch plain caped hangers; (3) 13-gauge/16-inch stock print caped hangers; (4) 16-inch strut hangers; and (5) 13-gauge/16-inch latex hangers (long neck). CR at V-5; PR at V-4.

¹⁷⁵ CR at V-5; PR at V-4; CR/PR at Tables V-2 to V-6.

¹⁷⁶ CR at V-6; PR at V-4.

¹⁷⁷ CR/PR at Table V-8.

¹⁷⁸ CR/PR at Table V-8. We note that most instances of overselling were associated with imports of subject merchandise from Taiwan rather than subject imports from Vietnam. We give limited weight to the pricing comparisons for Taiwan, which, because they pertain mostly to smaller import volumes and do not include data from the three largest importers of SWG hangers from Taiwan, may understate the level of underselling. *** importers of SWG hangers from Taiwan according to Customs data are ***, but *** submitted an importer questionnaire response. *** did not report the quantities associated with the specified pricing products, although it reported prices of \$*** for product 1; \$*** for product 2; \$*** for product 3; \$*** for product 4; and \$*** for product 5. These prices reported by *** are *** than those reported by the domestic industry. Compare CR at V-6 n.7; PR at V-4 n.7 with CR/PR at Tables V-2 to V-6. The limited data reported by *** and the pricing data reported by importers of subject merchandise from Vietnam are consistent with information reported by purchasers contacted concerning the domestic industry's lost sales and revenue allegations.

¹⁷⁹ CR at V-20; PR at V-6; CR/PR at Table V-9, Table V-10. Ninety-two of the allegations pertained to SWG hangers from Vietnam, whereas five identified hangers from both Taiwan and Vietnam. CR at V-20; PR at V-6.

¹⁸⁰ CR at V-20 to V-21; PR at V-6; CR/PR at Table V-11. One hundred of the allegations were specific to SWG hangers from Vietnam, 12 were for both Taiwan and Vietnam, and 10 were specific to imports from Taiwan. CR at V-21; PR at V-6.

¹⁸¹ CR/PR at Tables V-9 to V-11.

and/or Vietnam since January 2008.¹⁸² Seven of 10 responding firms, including some of the major purchasers, identified price as the reason for the shift.¹⁸³ Eight of 10 responding purchasers reported that domestic producers reduced their SWG hanger prices to compete with subject import prices since January 2008.¹⁸⁴

We find for purposes of the preliminary phase of these investigations that there has been significant underselling of the domestic like product by subject imports from Taiwan and Vietnam. We base this conclusion on our finding of a high degree of substitutability among the domestic like product and subject imports from Taiwan and Vietnam,¹⁸⁵ our finding that imports from Taiwan and Vietnam competed against domestically produced SWG hangers for sales to both dry cleaners and industrial laundry, uniform rental, and textile firms, and on available pricing data that showed widespread underselling at large margins, confirmed lost sales and lost revenue allegations, and other anecdotal information reported by purchasers.

We also considered movements in the prices of pricing products 1 through 5 during the investigation period. Price trends of SWG hangers produced domestically and imported from Taiwan and Vietnam appeared to be influenced, at least partially, by fluctuations in raw material prices.¹⁸⁶ Generally, reported prices for SWG hangers manufactured in the United States and Vietnam rose in 2008, and most reported pricing product prices peaked in the third or fourth quarter of 2008.¹⁸⁷ In 2009, reported prices peaked in the first quarter for all products from all sources, and then prices generally declined throughout 2009 for SWG hangers from all three sources.¹⁸⁸ At some point in 2010, reported prices for most of the pricing products started fluctuating but generally rose slightly.¹⁸⁹ Given these trends in the reported domestic prices and evidence that domestic producers have reduced their prices on specific sales to retain business, we find some evidence of price depression for purposes of the preliminary phase of these investigations.¹⁹⁰

We also considered whether subject imports prevented increases in the price of the domestic like product that otherwise would have occurred. The ratio of cost of goods sold (“COGS”) to net sales was

¹⁸² CR at V-21; PR at V-6.

¹⁸³ Of the three purchasers reporting that price was not the reason for the shift, one reported switching ***, and another reported that it was ***. CR at V-21; PR at V-6.

¹⁸⁴ One purchaser reported that domestic producers had raised prices, whereas another reported it ***. CR at V-21; PR at V-6.

¹⁸⁵ CR at II-9; PR at II-7; CR/PR at Table II-3.

¹⁸⁶ Compare CR/PR at Figure V-1 with CR/PR at Figure V-2.

¹⁸⁷ There were no pricing data for SWG hangers made in Taiwan for 2008. CR at V-17; PR at V-5; CR/PR at Tables V-2 to V-6.

¹⁸⁸ CR at V-17; PR at V-5; CR/PR at Tables V-2 to V-6.

¹⁸⁹ CR at V-17; PR at V-5; CR/PR at Tables V-2 to V-6.

¹⁹⁰ Commissioner Pinkert does not find evidence of price depression.

high between January 2008 and September 2011, although it declined overall during this period.¹⁹¹ Based on these data, for purposes of our determinations in the preliminary phase of these investigations, we do not find significant price suppression.¹⁹²

In sum, we find that there has been significant price underselling by cumulated subject imports from Taiwan and Vietnam, and we find some evidence of price depression. We will seek further information on price effects of the subject imports in any final phase of these investigations.

E. Impact of the Cumulated Subject Imports from Taiwan and Vietnam¹⁹³

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, “shall evaluate all relevant economic factors which have a bearing on the state of the industry.”¹⁹⁴ These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”¹⁹⁵

As a consequence of its preliminary affirmative antidumping determination in late March 2008 in the investigation of imports from China, Commerce ordered Customs to suspend liquidation of entries of steel wire garment hangers from China. In October 2008, Commerce published a final antidumping duty order on these imports.¹⁹⁶ In these current investigations, not all domestic producers that manufactured SWG hangers during the investigation period submitted data on their operations, but the available information suggests that the domestic industry performed poorly even after the order on imports from China took effect, although some domestic industry performance indicators improved somewhat after the order was imposed. As discussed above, some new entrants began U.S. production operations during the period examined, but several domestic producers shuttered their operations as well. As discussed below, responding domestic producers reported consistently low levels of capacity utilization, and the domestic industry was unprofitable in 2008 and remained unprofitable throughout the period examined.

¹⁹¹ The ratio of COGS to net sales declined from *** percent in 2008 to *** percent in 2009 and *** percent in 2010 and was lower in interim 2011 (*** percent) than in interim 2010 (*** percent). CR/PR at Table C-1.

¹⁹² Vice Chairman Williamson and Commissioners Pearson and Johanson note that the significant number of confirmed lost revenue allegations in the preliminary phase of these investigations may provide some evidence of price suppression.

¹⁹³ Commerce initiated investigations based on estimated antidumping duty margins of 18.90 to 125.43 percent for imports from Taiwan, and 117.48 to 220.68 percent for imports from Vietnam. 77 Fed. Reg. 3737, 3738 (Jan. 25, 2012).

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

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

¹⁹⁶ CR at I-5; PR at I-4.

The domestic industry's capacity,¹⁹⁷ production,¹⁹⁸ and U.S. shipments of SWG hangers increased overall between January 2008 and September 2011.¹⁹⁹ The domestic industry also increased its market share somewhat during this period, although its overall share of the U.S. market was relatively modest.²⁰⁰ Responding domestic producers collectively reported low capacity-utilization levels throughout the period,²⁰¹ and the domestic industry's employment indicators were mixed.²⁰² The domestic industry reduced its overall end-of-period inventories of SWG hangers during this time.²⁰³

The domestic industry's net sales values improved between January 2008 and September 2011,²⁰⁴ but the industry nevertheless experienced an operating *** throughout this time. The *** from \$*** in 2008 to \$*** in 2009, and was \$*** in 2010, \$*** in interim 2010, and \$*** in interim 2011.²⁰⁵ Throughout the investigation period, *** recorded operating losses.²⁰⁶ The domestic industry's operating margins were *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in interim 2010, and *** percent in interim 2011.²⁰⁷ Finally, capital expenditures and research and development ("R&D") expenses both increased overall between 2008 and 2010, although capital expenditures were lower in interim 2011 than in interim 2010.²⁰⁸

¹⁹⁷ The domestic industry's average production capacity was *** hangers in 2008, *** hangers in 2009, *** hangers in 2010, *** hangers in interim 2010, and *** hangers in interim 2011. CR/PR at Table C-1.

¹⁹⁸ The domestic industry's production increased from *** hangers in 2008 to *** hangers in 2009 and *** hangers in 2010, and was *** hangers in interim 2010 and *** hangers in interim 2011. CR/PR at Table C-1.

¹⁹⁹ The domestic industry's U.S. shipments increased from *** hangers in 2008 to *** hangers in 2009 and *** hangers in 2010, and were *** hangers in interim 2010 and *** hangers in interim 2011. CR/PR at Table C-1.

²⁰⁰ The domestic industry's share of the U.S. market increased from *** percent in 2008 to *** percent in 2010 and was *** percent in interim 2010 and *** percent in interim 2011. CR/PR at Table C-1.

²⁰¹ Capacity utilization was *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in interim 2010, and *** percent in interim 2011. CR/PR at Table C-1.

²⁰² The number of production workers increased overall; it was *** in 2008, *** in 2009, *** in 2010, and *** in interim 2011 and interim 2010. Hours worked increased overall, and were *** in 2008, *** in 2009, *** in 2010, *** in interim 2010, and *** in interim 2011. Hourly wages declined overall and were \$*** in 2008, \$*** in 2009, \$*** in 2010, \$*** in interim 2010, and \$*** in interim 2011. Productivity (hangers per hour) was *** in 2008, *** in 2009, *** in 2010, *** in interim 2010, and *** in interim 2011. CR/PR at Table C-1.

²⁰³ Ending inventories were *** hangers in 2008, *** hangers in 2009, *** hangers in 2010, *** hangers in interim 2010, and *** hangers in interim 2011. CR/PR at Table C-1. The domestic industry's exports were low throughout the period. CR/PR at Table C-1.

²⁰⁴ Net sales were \$*** in 2008, \$*** in 2009, \$*** in 2010, \$*** in interim 2010, and \$*** in interim 2011. CR/PR at Table C-1.

²⁰⁵ CR/PR at Table C-1.

²⁰⁶ CR/PR at Table VI-2.

²⁰⁷ CR/PR at Table C-1.

²⁰⁸ CR/PR at Table VI-4.

Accordingly, although some of the industry's performance indicators improved during the period examined, even as cumulated subject imports reached their highest levels, the domestic industry's capacity utilization levels were low, its financial performance was poor, and several domestic producers stopped manufacturing SWG hangers. We find that the volume of cumulated subject imports was significant and increased significantly both absolutely and relative to apparent U.S. consumption and domestic production and that the cumulated subject imports undersold the domestic like product at significant margins. Given that the record shows a high level of substitutability between the products regardless of source, a price-competitive market, and some evidence that subject imports depressed prices of the domestic like product,²⁰⁹ we find that cumulated subject imports from Taiwan and Vietnam have increased their share of the U.S. market at the domestic industry's expense, leading to low levels of market share, low levels of capacity utilization, and operating losses for the domestic industry throughout the period.

We have considered the role of other factors, such as demand and non-subject imports, to ensure that we are not attributing injury from such other factors to the subject imports.²¹⁰ We find that the apparent decline in demand shown by the data on the current record does not explain the domestic industry's current condition. Despite the decline in demand, cumulated subject imports increased significantly relative to domestic production, shipments, and market share.²¹¹ The record provides a reasonable indication that subject imports are a cause of the domestic industry's declining performance.

We have also considered the role of non-subject imports in the U.S. market between January 2008 and September 2011. The volume of non-subject imports was large in 2008 but declined over the investigation period.²¹² A large portion of those imports was from China, and those imports are now subject to an antidumping duty order. Moreover, a ***.²¹³ Thus, we do not find that non-subject imports explain the current condition of the domestic industry. We intend to explore this issue further in any final phase of these investigations in light of the parties' disagreement about the extent to which transshipment of SWG hangers made in China through Taiwan and Vietnam or other circumvention of the antidumping duty order on China has affected data on imports of SWG hangers from Taiwan and Vietnam.

Consequently, based on the record in the preliminary phase of these investigations, we find a causal nexus between cumulated subject imports and the adverse condition of the domestic industry and a reasonable indication of material injury by reason of subject imports. We therefore conclude, for purposes of the preliminary phase of these investigations, that cumulated subject imports from Taiwan and Vietnam have had a significant adverse impact on the domestic industry.

²⁰⁹ Commissioner Pinkert does not find evidence of price depression.

²¹⁰ Based on the record evidence in the preliminary phase of these investigations, Commissioner Pinkert finds that SWG hangers constitute a commodity product and that price competitive, nonsubject imports of SWG hangers were a significant factor in the U.S. market during the period examined. He notes that the great majority of such imports were from China and Mexico. CR/PR at Table IV-3. Imports from China have been subject to an antidumping order since October 2008, and by far the ***. CR at VII-11; PR at VII-7.

Commissioner Pinkert invites comments in any final phase as to whether such imports would have replaced the subject imports during the period, without benefit to the domestic industry, had the subject imports exited the U.S. market.

²¹¹ CR/PR at Table C-1.

²¹² CR/PR at Table C-1.

²¹³ CR at VII-11; PR at VII-7.

CONCLUSION

For the above-stated reasons, and based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of allegedly dumped imports of SWG hangers from Taiwan and allegedly dumped and subsidized imports from Vietnam.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed with the U.S. Department of Commerce (“Commerce”) and the U.S. International Trade Commission (“USITC” or “Commission”) by M&B Metal Products Company, Inc. (“M&B”), Leeds, AL; Innovative Fabrication LLC/Indy Hanger (“Indy Hanger”), Indianapolis, IN; and US Hanger Company LLC (“US Hanger”), Gardena, CA, on December 29, 2011, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized imports of steel wire garment hangers (“SWG hangers”)¹ from Vietnam and less-than-fair-value (“LTFV”) imports of SWG hangers from Vietnam and Taiwan. Information relating to the background of the investigation is provided below.²

Effective date	Action
December 29, 2011	Petition filed with Commerce and the Commission; institution of Commission investigation (77 FR 806, January 6, 2012)
January 20, 2012	Commission’s conference ¹
January 25, 2012	Commerce’s notice of AD initiation (77 FR 3731)
January 25, 2012	Commerce’s notice of CVD initiation (77 FR 3737)
February 10, 2012	Commission’s vote
February 13, 2012	Commission’s determinations transmitted to Commerce
February 21, 2012	Commission’s views transmitted to Commerce

¹ A list of witnesses appearing at the conference is presented in app. B.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

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

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

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

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

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

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

...

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

...

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

...

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

Organization of the Report

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

U.S. MARKET SUMMARY

SWG hangers are used by dry cleaning establishments, industrial laundries, and textile industries to drape and transport clothing and other textiles. The leading U.S. producers of SWG hangers are M&B, Eagle Hanger (which did not provide a questionnaire), US Hanger, and Indy Hanger, while leading producers of SWG hangers outside the United States include South East Asia Hamico and T.J. Company of Vietnam. No company in Taiwan reported producing any SWG hangers, but according to proprietary Customs data, the leading exporters of SWG hangers are ***. The leading U.S. importers of SWG

hangers from Taiwan, according to questionnaire responses, include ***, while the leading importers of SWG hangers from Vietnam include ***. Leading importers of SWG hangers from nonsubject countries (primarily China and Mexico) include Hong Kong Wells Ltd. and M&B. U.S. purchasers of SWG hangers are predominantly dry cleaners, industrial laundries, uniform rental firms, textile producers, and distributors selling to such companies.

Apparent U.S. consumption of SWG hangers totaled approximately *** hangers (\$***) in 2010. Currently, six firms are known to produce SWG hangers in the United States. U.S. producers' U.S. shipments of SWG hangers totaled *** hangers (\$***) in 2010, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from subject sources totaled 1.2 billion hangers (\$43.2 million) in 2010 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled 748.4 million hangers (\$29.5 million) in 2010 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.³

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on the questionnaire responses of three firms that accounted for 54.0 percent of U.S. production of SWG hangers during 2010.⁴ U.S. imports are based on official statistics from the Department of Commerce ("Commerce") except where noted.

PREVIOUS AND RELATED INVESTIGATIONS

On November 27, 2002, CHC Industries, Inc.; M&B Metal Products Company, Inc.; and United Wire Hanger Corporation, producers of steel wire garment hangers, filed a petition pursuant to section 421 of the Trade Act of 1974 alleging that certain steel wire garment hangers from China were being imported into the United States in such increased quantities or under such conditions as to cause or threaten to cause market disruption to the domestic garment hanger industry. On January 27, 2003, the Commission voted unanimously to determine that Chinese imports were causing market disruption.⁵ Accordingly, on February 5, 2003, the Commission majority voted to propose to the President a remedy consisting of an additional duty on imports of garment hangers from China for a three-year period, beginning at 25 percent *ad valorem* in the first year, 20 percent *ad valorem* in the second year, and 15 percent *ad valorem* in the third year.⁶ On April 25, 2003, the President opted to grant expedited consideration for trade adjustment assistance claims by U.S. workers displaced by foreign competition but not to impose duties, citing "a strong possibility that if additional tariffs on Chinese wire hangers were

³ On October 28, 2011, Commerce made an affirmative final determination in a circumvention investigation on the antidumping duty order on SWG hangers from China (76 FR 66895). During the conference, respondents asserted that many of the imports from Taiwan and Vietnam in fact originated from China and were circumventing the order on imports from China or otherwise were transhipped from China. Conference transcript, pp. 11-13 (Neely).

⁴ Petition, exh. I-3.

⁵ *Certain Steel Wire Garment Hangers from China*, Inv. No. TA-421-2, USITC Publication 3575 (February 2003), pp. 1-3 and I-2.

⁶ *Ibid.*, p.1. Proposed alternative remedies included a 30 percent increase in duties for a three-year period, and increased duties of 20 percent and 15 percent, respectively, over a two-year period.

imposed, production would simply shift to third countries, which could not be subject to section 421's China-specific restrictions."⁷

On July 31, 2007, M&B filed an antidumping duty petition against imports of SWG hangers from China. Following an affirmative determination by Commerce, on September 11, 2008, the Commission determined that the U.S. SWG hanger industry was materially injured by reason of imports of SWG hangers from China.⁸ Commerce issued an antidumping duty order on Chinese imports of SWG hangers in October 2008, with margins ranging from 15.83 percent to 187.25 percent. The final results of the first administrative review were published on May 13, 2011, with margins of 0.15 percent for one company, 1.71 percent for 16 companies, and 187.25 percent for the China-wide rate. On October 28, 2011, the preliminary results of the second administrative review were published, with a margin of 16.64 percent for one company, and 187.25 percent for the China-wide rate.⁹

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged Subsidies

On January 25, 2012, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on SWG hangers from Vietnam.¹⁰ Commerce identified the following government programs in Vietnam:

- Loan Program
- Provision of Goods or Services for Less Than Adequate Remuneration (LTAR)
- Grant Program
- Tax Programs

Alleged Sales at LTFV

On January 25, 2012, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on SWG hangers from Taiwan and Vietnam.¹¹ Commerce has initiated antidumping duty investigations based on estimated dumping margins of between 18.90 and 125.43 percent for SWG hangers from Taiwan and between 117.48 and 220.68 percent for SWG hangers from Vietnam.

⁷ *Presidential Determination on Wire Hanger Imports from the People's Republic of China*, 68 FR 23019, April 29, 2003.

⁸ *Steel Wire Garment Hangers from China, Inv. No. 731-TA-1123 (Final)*, USITC Publication 4034, September 2008, p. 3.

⁹ *Notice of Antidumping Duty Order: Steel Wire Garment Hangers from the People's Republic of China*, 73 FR 58111, October 6, 2008. *First Administrative Review of Steel Wire Garment Hangers From the People's Republic of China: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review*, 76 FR 27994, May 13, 2011. *Steel Wire Garment Hangers from the People's Republic of China: Preliminary Results and the Preliminary Rescission, in Part, of the Second Antidumping Duty Administrative Review*, 76 FR 66903, October 28, 2011.

¹⁰ *Steel Wire Garment Hangers From the Socialist Republic of Vietnam: Initiation of Countervailing Duty Investigation*, 77 FR 3737, January 25, 2012.

¹¹ *Steel Wire Garment Hangers From the Socialist Republic of Vietnam and Taiwan: Initiation of Antidumping Duty Investigations*, 77 FR 3731, January 25, 2012.

THE SUBJECT MERCHANDISE

Commerce's Scope

Commerce has defined the scope of these investigations as follows:

The merchandise subject to these investigations is steel wire garment hangers, fabricated from carbon steel wire, whether or not galvanized or painted, whether or not coated with latex or epoxy or similar gripping materials, and/or whether or not fashioned with paper covers or capes (with or without printing) and/or nonslip features such as saddles or tubes. These products may also be referred to by a commercial designation, such as shirt, suit, strut, caped, or latex (industrial) hangers.

Specifically excluded from the scope of these investigations are (a) wooden, plastic, and other garment hangers that are not made of steel wire; (b) steel wire garment hangers with swivel hooks; (c) steel wire garment hangers with clips permanently affixed; and (d) chrome plated steel wire garment hangers with a diameter of 3.4 mm or greater.¹²

U.S. Tariff Treatment

The products subject to this petition are currently classified in subheading 7326.20.00 of the HTSUS and properly reported under statistical reporting number 7326.20.0020, at a general rate of duty of 3.9 percent ad valorem (table I-1). The subheading under 7326.20.00 was created specifically for steel wire garment hangers at the request of the U.S. industry and has been in place since January 1, 2002. Statistical reporting number 7323.99.9080 also is referenced in Commerce's scope language.¹³ During the antidumping duty investigation of SWG hangers from China it was discovered that some subject hangers were being imported under HTS statistical reporting number 7323.99.9060.¹⁴ This HTS statistical reporting number has a general rate of duty of 3.4 percent ad valorem.

¹² *Steel Wire Garment Hangers From the Socialist Republic of Vietnam and Taiwan: Initiation of Antidumping Duty Investigations*, 77 FR 3731, January 25, 2012.

¹³ *Steel Wire Garment Hangers From the Socialist Republic of Vietnam and Taiwan: Initiation of Antidumping Duty Investigations*, 77 FR 3731, January 25, 2012.

¹⁴ Petition, p. I-11.

**Table I-1
SWG hangers: Tariff treatment, 2012**

HTS provision	Article description	General	Special ¹	Column 2
		Rates (percent ad valorem)		
7323	Table, kitchen or other household articles and parts thereof, of iron or steel; iron or steel wool; pot scourers and scouring or polishing pads, gloves and the like, of iron or steel:			
7323.99.90	Other: (Not coated with precious metals or tinplate; not cookingware)	3.4%	Free (A, AU, BH, CA, CL, E, IL, J, JO, MA, MX, OM, P, PE, SG)	40%
80	Other: (Not kitchen or tableware suitable for food or drink contact; not gates for confining children or pets)			
7326	Other articles of iron or steel:	3.9%	Free (A, AU, B, BH, C, CA, CL, E, IL, J, JO, MA, MX, OM, P, PE, SG)	45%
7326.20.00	Articles of iron or steel wire			
20	Garment hangers			
¹ General note 3(c)(l) to the HTS lists the programs related to the enumerated special duty rate symbols. No special duty rate applies to products of Taiwan or Vietnam. Source: HTS (2012).				

THE DOMESTIC LIKE PRODUCT

Description and Applications

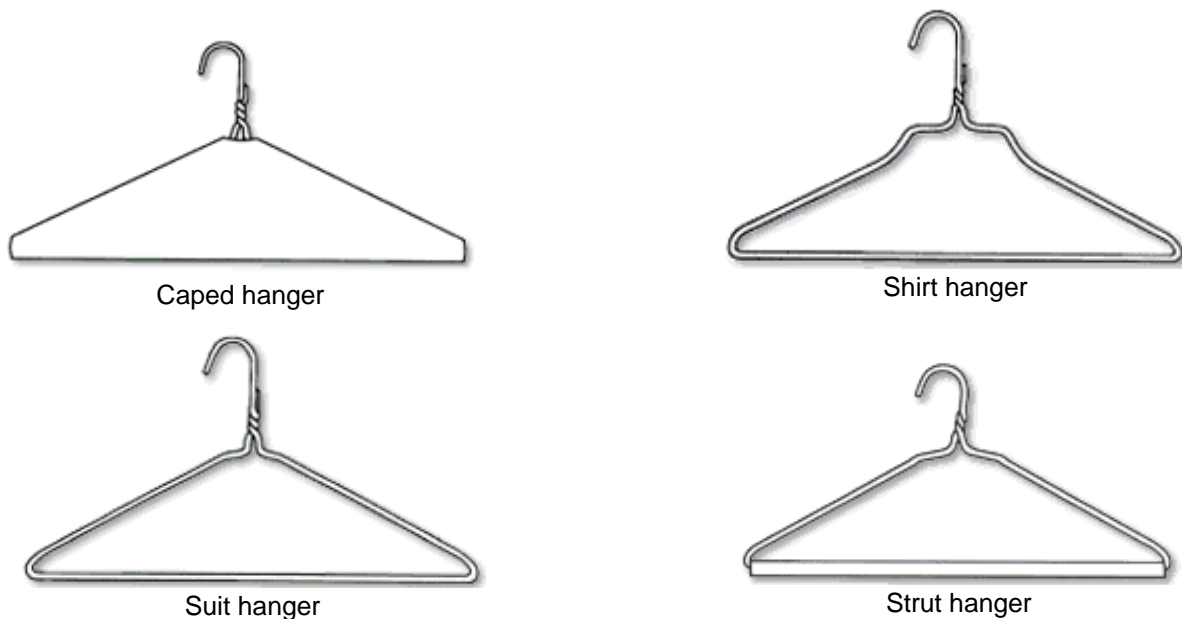
SWG hangers are produced primarily for use by the dry cleaning, industrial laundry, textile, and uniform rental industries. SWG hangers are designed and formed to permit clothing and other textiles to be draped and/or suspended from the product. The four most common types of dry-cleaning hangers are caped hangers, shirt hangers, suit hangers, and strut hangers (figure I-1). Each of these general categories includes a range of hangers in varying sizes and finishes, but with common distinguishing features. Caped hangers have a paper “cape” or cover, normally white and often with commercial or custom printing. Strut hangers have a paper tube that runs along the length of the bottom of the hanger. The wire does not run through the paper tube, but is instead folded in at the edges.¹⁵ This paper tube, or “strut,” may be coated with a nonslip material to prevent the garment from falling off of the hanger. Hangers for light items, such as the basic shirt hanger, are produced using the thinnest wire,¹⁶ while hangers for heavier items are produced from heavier wire. SWG hangers are generally painted and sold in a variety of colors. Despite differences in finishes and paper accessories however, all of these hangers share common configurations, characteristics, and end use.¹⁷

¹⁵ Conference transcript, p. 23 (Magnus).

¹⁶ Respondents’ postconference brief, exh. 2 (Peirera). “Most shirt hangers are 14.5g (.068”) their (Great Plains’) hangers were 13g (.90”) which is 25% thicker than it needed to be.”

¹⁷ Petition, p. I-8 and I-9.

Figure I-1
SWG hangers: Common varieties



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

Steel wire hangers produced for use in industrial laundries or the uniform rental market are known as textile or uniform rental hangers or as industrial hangers. These hangers are normally produced using a 13-gauge wire¹⁸ to support the weight of newly washed textiles and uniforms. Industrial laundries and uniform rental companies typically require a more substantial gauge hanger in a consistent shape to fit their high-speed processing equipment.¹⁹ These hangers are sometimes made out of galvanized (zinc-coated) steel wire. The bottom bar of these hangers may be coated with a latex or other coating to prevent pants slippage after laundering.²⁰

Manufacturing Processes

The manufacturing process to produce industrial and drycleaning SWG hangers consists of purchasing low-carbon steel wire in coils, whether or not galvanized, or drawing wire from low-carbon steel wire rod, cutting the wire to length, and fabricating the hangers (figure I-2). After the wire is straightened and cut to length, the steel wire hangers are formed and the non-galvanized low-carbon steel wire hangers are painted. The process may be continuous or require separate stages to straighten, cut, and form the hanger, and painting may take place either before or after the hanger is formed. The manufacturing equipment and process for galvanized wire hangers are similar, but galvanized SWG hangers do not require painting because the zinc coating prevents the steel wire from rusting.²¹ In all cases, the forming machines are dedicated to the production of hangers; they are not used and cannot be

¹⁸ The term “gauge” refers to the diameter of the wire. A 13-gauge wire has a diameter of 0.0915 inch.

¹⁹ Petition, p. I-9.

²⁰ Conference transcript, p. 24 (Magnus).

²¹ Conference transcript, p. 90 (Crowder).

used to produce other products. Forming machines may be made in-house by SWG hanger manufacturers or are also generally available for purchase from a small number of companies in China, Switzerland, and Taiwan.²²

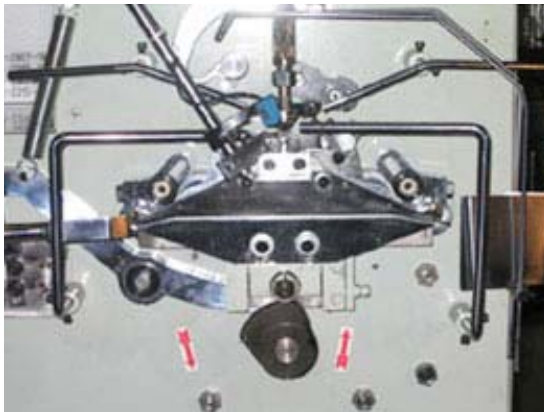
Figure I-2
SWG hangers: Formation process



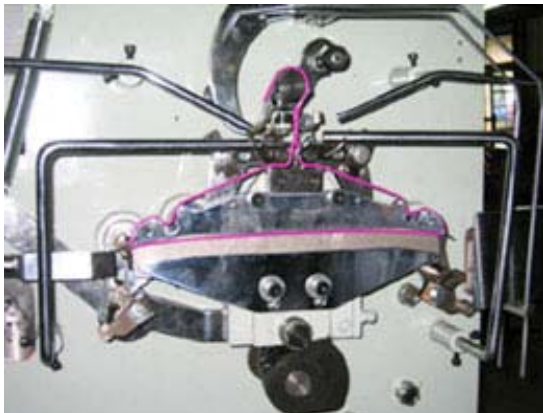
Wire enters machine . . .



. . . is pulled to formation area in machine



Detailed view of wire entering formation process.
Hanger is formed.



Source: Website of Wuxi Anber Machine Co., Ltd., found at www.china-anbermachine.com/hanger-making-machine/Automatic-Wire-Hanger-making-machine.htm, retrieved January 19, 2011.

After forming, dry cleaning hangers may require the addition of a paper covering or “cape,” which may be plain or printed with custom or stock messages for drycleaner customers. Strut hangers receive a cardboard tube or “strut” along the bottom bar on which drycleaners hang pants. Hangers intended for the industrial laundry market may be dipped in liquid latex or receive another type of coating

²² Conference transcript, p. 65 (Crowder) and p. 120 (Pereira).

on the bottom rung to prevent pants slippage.²³ These hangers are produced using the same equipment and workers as the various types of hangers described above.

The formation of the hanger itself is reportedly similar throughout the world.²⁴ Operations such as the addition of capes and struts and painting the wire may differ in the amount of the processing that is done by machine versus that which is performed manually.²⁵ Respondents also noted that one difference national environmental regulations preclude painting of SWG hangers in Vietnam; therefore they are powder coated to provide corrosion resistance, apparently with thermosetting epoxy powder.²⁶ Epoxy powder is typically applied by electrically charging and spraying the powder so that it accumulates on a grounded metal article, after which the article is sent to a curing oven to fuse on the coating.²⁷

Most hangers are packed in boxes containing 500 hangers to be palletized and shipped. However, thicker hangers (struts, drapery, and polo knit hangers) are packed 250 in a box.²⁸ All of the common types of SWG hangers (shirt, suit, strut, and caped) are produced in Taiwan and Vietnam.²⁹

DOMESTIC LIKE PRODUCT ISSUES

The petitioners contend that the domestic like product is all steel wire garment hangers corresponding to the scope,³⁰ and no party has argued for a separate like product.³¹

²³ Conference transcript, p. 33 (Smith).

²⁴ Conference transcript, p. 21 (Magnus).

²⁵ Conference transcript, p. 124 (Trinh).

²⁶ Conference transcript, p. 118 and pp.124-125 (Lim); Email from ***, January 20, 2012.

²⁷ Website of the Engineer's Handbook, found at www.engineershandbook.com/MfgMethods/powdercoating.htm, retrieved January 24, 2012.

²⁸ Conference transcript, p. 66 (Magnus); *Steel Wire Garment Hangers from China, Inv. No. 731-TA-1123 (Final)*, USITC Publication 4034, September 2008, p. 39.

²⁹ Petition, p. I-11. See also discussion of U.S. imports, by type of hanger, in Part IV of this report.

³⁰ Petition, p. I-14.

³¹ Conference transcript, p. 114 (Neely).

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

U.S. MARKET CHARACTERISTICS

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

The number of U.S. companies producing SWG hangers has fluctuated in recent years.³ Since January 2008, at least four U.S. firms began producing SWG hangers. However, three U.S. companies reportedly ceased production of SWG hangers in this period. Six U.S. companies are believed to be currently producing SWG hangers. There are also numerous U.S. firms that import SWG hangers from countries including Vietnam, Taiwan, China, and Mexico.

CHANNELS OF DISTRIBUTION

U.S. producers and importers sold both to distributors and end users, as shown in table II-1. The end-users of SWG hangers are dry cleaning, uniform rental, industrial laundry, and textile industries. Both Petitioners and Respondents estimate that about 65 to 70 percent of SWG hangers are used by the dry cleaning industry.⁴

The majority of U.S.-produced and imported SWG hangers were sold to distributors between 2008 and 2010. However, in the first 9 months of 2011 the share of sales of U.S.-produced SWG hangers to distributors and end users was almost even. Overall, U.S. importers’ shipments of SWG hangers were predominantly sold to distributors, who accounted for an increasing share of total shipments during the period.

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

² Conference transcript, p. 21 (Magnus).

³ Petition, pp. I-3–I-6.

⁴ Conference transcript, p. 75 (Magnus) and p. 126 (Goldman).

Table II-1

SWG Hangers: U.S. producers' and importers' U.S. shipments of SWG hangers, by sources and channels of distribution, 2008–10, January-September 2010, and January-September 2011

Item	Period				
	2008	2009	2010	January-September	
				2010	2011
Share of reported shipments (percent)					
U.S. producers' U.S. shipments of SWG hangers to:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. shipments of SWG hangers from Taiwan to:					
Distributors	---	76.3	74.2	75.6	98.1
End users	---	23.7	25.8	24.4	1.9
U.S. importers' U.S. shipments of SWG hangers from Vietnam to:					
Distributors	76.0	81.6	92.3	92.1	93.5
End users	24.0	18.4	7.7	7.9	6.5
U.S. importers' U.S. shipments of SWG hangers from all other countries to:					
Distributors	83.5	63.7	85.8	85.6	86.0
End users	16.5	36.3	14.2	14.4	14.0
Source: Compiled from data submitted in response to Commission questionnaires.					

GEOGRAPHIC DISTRIBUTION

As a group, responding U.S. producers reported selling SWG hangers to all regions in the United States (table II-2). Coverage (in terms of the number of firms serving an area) was fairly consistent throughout most of the continental United States. Overall, fewer firms (six out of 18) reported selling SWG hangers from Taiwan (primarily in the Northeast) than from Vietnam (12 out of 18) and other non-subject countries (10 out of 18). U.S. importers reported selling SWG hangers from Taiwan, Vietnam, and all other countries to all regions in the United States (table II-2). Generally, the Northeast, Midwest, and Southeast had the highest level of coverage.

Table II-2
SWG Hangers: Geographic market areas in the United States served by U.S. producers and U.S. importers

Region	U.S. Producers	Importers from		
		Taiwan	Vietnam	All other
Northeast	3	5	8	8
Midwest	3	2	9	6
Southeast	2	2	8	5
Central Southwest	3	2	6	4
Mountains	3	1	5	3
Pacific Coast	3	1	6	4
Other ¹	1	0	2	1

¹ All other U.S. markets, including AK, HI, PR, VI, among others.

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

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, staff believes U.S. producers of SWG hangers have the ability to respond to changes in demand with relatively large changes in the quantity of shipments of U.S.-produced SWG hangers to the U.S. market. The main contributing factor to the high degree of responsiveness of supply is the availability of excess capacity.

Industry capacity

Domestic capacity increased by *** percent from *** SWG hangers in 2008 to *** SWG hangers in 2010.⁵ Between 2008 and 2010, U.S. producers' capacity utilization fluctuated between ***, and for the period January–September 2011 it was *** percent.⁶ This relatively low level of capacity utilization suggests that U.S. producers may have substantial capacity to increase production of SWG hangers in response to an increase in prices.

⁵ For the period January–September 2011, total capacity was at *** SWG hangers.

⁶ Compiled from data submitted in response to Commission questionnaires.

Alternative markets

U.S. producers' exports, as a percentage of total shipments, remained *** during the period between January 2008 and September 2011.⁷ The low level of exports during the period indicates that domestic producers of SWG hangers have limited ability to shift their shipments from other markets in the short run in response to price changes.

Inventory levels

U.S. producers' inventories decreased between 2008–10.⁸ Inventory levels as a percent of total shipments ranged between *** percent during 2008–10. These inventory levels suggest that U.S. producers may have limited ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

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

Supply constraints

No responding U.S. producers indicated that their firms had refused, declined, or been unable to supply SWG hangers since January 2008.⁹

Subject Imports from Taiwan¹⁰

No information was submitted regarding the industry capacity, inventory levels, production alternatives, or supply constraints for SWG hangers produced in Taiwan. As such, staff have insufficient data to determine the ability of Taiwan producers to respond to changes in demand.

Subject Imports from Vietnam

Based on available information, producers in Vietnam have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of SWG hangers to the U.S. market. The main contributing factors to the moderate-to-large degree of responsiveness of supply are discussed below.

⁷ Compiled from data submitted in response to Commission questionnaires.

⁸ Compiled from data submitted in response to Commission questionnaires.

⁹ Three importers commented on U.S. supply constraints. One firm stated that ***. Another firm stated that ***. Finally, a third firm stated that ***.

¹⁰ The import volumes of SWG hangers from Taiwan have generally been lower than those from Vietnam, although they have fluctuated in recent years. After May 2011, such imports declined markedly.

Industry capacity

Responding Vietnamese producers' capacity increased by *** percent from *** SWG hangers in 2008 to *** SWG hangers in 2010.¹¹ The capacity of producers from Vietnam to make SWG hangers is projected to increase to *** in 2011 and to *** in 2012. These producers' capacity utilization rose from *** percent in 2008 to *** percent in 2010. However, the capacity utilization of Vietnamese producers is projected to decline to *** percent in 2011, driven by a greater increase in capacity than in production. In 2012, capacity utilization is expected to increase to *** percent, as production increases are projected to outpace increases in capacity. The current level of capacity utilization suggests that Vietnamese producers may have a moderate-to-large ability to increase production of SWG hangers in response to an increase in prices.

Alternative markets

Responding Vietnamese producers have a limited ability to divert shipments of SWG hangers to or from alternative markets in response to prices changes. Over *** percent of SWG hangers exported from Vietnam were destined for to the United States during 2008–10. Minimal (less than ***) amounts of SWG hangers were shipped to the domestic market during that period. The share of shipments to the United States is projected to decline slightly to approximately *** percent in 2011 and 2012, while the share of shipments to the domestic market is expected to rise to between *** percent. There were *** shipments to export markets other than the United States during 2008–10 and this is projected to remain the case during 2011–12.

Inventory levels

Responding Vietnamese producers have a limited ability to use inventories as a means of increasing shipments of SWG hangers. The ratio of end-of-period inventory to total shipments for Vietnamese producers decreased from *** percent in 2008 to *** percent in 2010 and is projected to further decline to *** percent in 2012.

Production alternatives

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

Supply constraints

Nine U.S. importers of SWG hangers from Vietnam indicated that their firms had not refused, declined, or been unable to supply SWG hangers since January 2008.¹² One stated that its firm had refused, declined, or been unable to supply SWG hangers since January 2008 because it ***.

¹¹ Compiled from data submitted in response to Commission questionnaires.

¹² Twelve out of 18 responding importers reported shipping product from Vietnam. Based on the comments provided it appears that two of the firms apparently misunderstood the question and addressed procurement constraints either in the United States (see above), from foreign suppliers, or in general.

Nonsubject Imports

The largest sources of nonsubject imports during 2008–10 were China and Mexico. Combined, these countries accounted for 79.5 percent of nonsubject imports by quantity (76.3 percent by value) in 2010. In 2010, China accounted for 29.4 percent of imports by quantity (33.1 percent by value) and Mexico accounted for 50.1 percent of imports by quantity (43.2 percent by value).

U.S. Demand

Based on available information, U.S. consumers of SWG hangers are likely to respond to changes in the price of SWG hangers with relatively small changes in their purchases of SWG hangers. The main contributing factor to the low responsiveness of demand is the limited substitutes for SWG hangers.

End Uses

As mentioned above, SWG hangers are sold to distributors or to end users in the dry cleaning, uniform rental, industrial laundries, and textile industries. U.S. demand for SWG hangers depends on the demand from these industries. ***,¹³ ***,¹⁴ With respect to SWG hangers from Taiwan or Vietnam, five out of eight U.S. importers reported selling to dry cleaners; one to industry laundries, one to uniform rentals, and one to a distributor.¹⁵

Business Cycles

All of the U.S. producers and most (12 out of 18) of the U.S. importers stated that SWG hangers were not subject to distinctive business cycles or conditions of competition. However, six out of 18 U.S. importers indicated that the market was subject to distinctive business cycles or conditions of competition. Specifically, five indicated that SWG hangers consumption reflected seasonality; three of the five indicated that summer months were the slowest period and two indicated that winter was also slow. One U.S. importer stated that demand spikes around holidays. In addition, one U.S. importer reported that “business cycles” affected demand of SWG hangers.

Apparent Consumption

Apparent U.S. consumption of SWG hangers decreased in terms of both quantity and value during 2008–10. In 2008 apparent consumption of SWG hangers was *** hangers valued at \$***, but in 2010 it was *** hangers valued at \$***. Overall, apparent U.S. consumption in 2010 was *** percent lower by quantity and *** percent lower by value than in 2008. Apparent U.S. consumption quantity and value, however, were higher in January–September 2010 than in January–September 2011.

¹³ ***.

¹⁴ Staff telephone interview with ***.

¹⁵ For four of 18 U.S. importers, this question was not applicable because they imported from countries other than Taiwan and Vietnam. The remaining six U.S. importers either reported they could not respond to this question, did not provide useful responses, or did not provide any responses. Staff attempts to gather this information from these six firms were unsuccessful.

Demand Perceptions

One of three U.S. producers and seven U.S. importers reported a decrease in U.S. demand since 2008.¹⁶ Most of these firms cited the poor economy. However, one firm also reported part of the reason for the decline was better fabrics that could be washed at home, and one firm stated that the decline was due to more recycling. Additionally, Respondents stated that demand had decreased for SWG hangers because of increased purchases of clothing made from textiles which do not require dry cleaning, and the saturation of the dry cleaning industry.¹⁷ Six U.S. importers reported that U.S. demand had fluctuated since January 2008, again mainly citing the poor economy; although one firm also reported that fluctuations were the result of higher SWG hanger prices after the duty rate increased.¹⁸ One U.S. producer and two U.S. importers reported that there had been no change in demand for SWG hangers since January 2008. Finally, one U.S. producer and one U.S. importer reported that demand had increased for SWG hangers since January 2008. One of these firms indicated that this was due to the antidumping duty order on SWG hangers from China and potential future tariffs.

Most U.S. producers and importers did not provide information about demand for SWG hangers outside of the United States since January 2008. However, one U.S. producer simply noted that demand was ***. In addition, two U.S. importers reported that there had been no change, one that demand had increased, and two that demand had fluctuated.

Substitutes for SWG Hangers

U.S. producers and importers reported that there were no substitutes for SWG hangers.¹⁹

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported SWG hangers depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, sales-related services, etc.). Based on available data, staff believe that there is a high degree of substitutability between SWG hangers produced in the United States and those imported from Vietnam and Taiwan.

Factors Affecting Purchasing Decisions

Petitioners indicated that price is usually the most important factor to purchasers of SWG hangers.²⁰ U.S. importers indicated that price is not the only factor affecting purchasing decisions. Respondents stated that factors such as capacity, availability of supply, quality, and reliability of the supplier were all important factors affecting purchasing decisions.²¹ In addition, in response to the lost

¹⁶ One firm reported two principle factors so the responses noted in this section exceed the total number of firms who filed importer questionnaires.

¹⁷ Conference transcript, p. 122 (Lim).

¹⁸ While this firm did not specify which duty rate increased, indications are that it was referring to the duty rate on SWG hangers from China.

¹⁹ All 16 responding importers reported that there were no substitutes for SWG hangers.

²⁰ Conference transcript, p. 29 (Pedelty).

²¹ Conference transcript, p. 113 (Goldman).

sales and lost revenue allegations, some firms stated ***, rather than prices, were the reason they purchased imports.²²

Comparison of U.S.-Produced and Imported SWG Hangers

In order to determine whether U.S.-produced SWG hangers can generally be used in the same applications as imports, U.S. producers and U.S. importers were asked about the degree of interchangeability between various country-pair sources of SWG hangers.²³ As shown from table II-3, U.S. producers indicated that SWG hangers from the United States, Taiwan, Vietnam, and other countries were “always” interchangeable. Although there was less consensus among U.S. importers, the majority that responded indicated that domestic and SWG hangers from subject countries were “always” or “frequently” interchangeable. Two of the U.S. importers that reported that U.S. SWG hangers were “never” or “sometimes” interchangeable with hangers from Taiwan, Vietnam, or other countries stated that SWG hangers were not considered interchangeable because ***.

Table II-3
SWG hangers: Perceived interchangeability between SWG hangers produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting ¹				Number of U.S. importers reporting ¹			
	A	F	S	N	A	F	S	N
U.S. vs. subject countries:								
U.S. vs. Taiwan	3	0	0	0	4	0	1	0
U.S. vs. Vietnam	3	0	0	0	3	5	2	1
Subject country comparisons:								
Taiwan vs. Vietnam	3	0	0	0	2	0	0	0
Nonsubject country comparisons:								
U.S. vs. other countries	2	0	0	0	1	1	2	0
Taiwan vs. other countries	2	0	0	0	0	0	0	0
Vietnam vs. other countries	2	0	0	0	0	0	0	0
¹ Where the total (for each country-pair) does not equal the total number of firms that submitted questionnaire responses, it means a firm indicated that it had no familiarity with products from those specific countries or did not supply a response. Note.--A = Always, F = Frequently, S = Sometimes, N = Never. Source: Compiled from data submitted in response to Commission questionnaires.								

In addition, U.S. producers and importers were asked to assess how often differences other than price were significant in sales of SWG hangers from the United States, and subject and nonsubject countries. As seen in table II-4, U.S. producers generally indicated that factors other than price were “never” significant, although one producer reported that for the United States and Vietnam, other factors

²² See Part V for more detail.

²³ The options for response were “always,” “frequently,” “sometimes,” “never,” or that the firm had no familiarity with the products from a specified country-pair.

were “sometimes” important. There was less consensus among U.S. importers. Four U.S. importers reported that factors other than price were “never” or “sometimes” significant in the case of the United States and Vietnam and three reported the same for the country-pairs of the United States and Vietnam, and Taiwan and Vietnam. However, eight U.S. importers indicated that factors other than price were “always” or “frequently” important when comparing the United States and Vietnam and two reported other factors were “always” important in comparing the United States and Taiwan. The primary explanations for these responses were that ***.

Table II-4
SWG hangers: Perceived significance of differences other than price between SWG hangers produced in the United States and other countries, by country pair

Country pair	Number of U.S. producers reporting ¹				Number of U.S. importers reporting ¹			
	A	F	S	N	A	F	S	N
U.S. vs. subject countries:								
U.S. vs. Taiwan	0	0	0	3	2	0	1	2
U.S. vs. Vietnam	0	0	1	2	5	3	1	3
Subject country comparisons:								
Taiwan vs. Vietnam	0	0	0	3	0	0	1	2
Nonsubject country comparisons:								
U.S. vs. other countries	0	0	0	1	0	2	1	1
Taiwan vs. other countries	0	0	0	1	0	0	0	1
Vietnam vs. other countries	0	0	0	1	0	0	0	0
Note.--A = Always, F = Frequently, S = Sometimes, N = Never. ¹ Where the total(for each country-pair) does not equal the total number of U.S. producers or importers that submitted questionnaire responses, it means that a firm either indicated it had no familiarity with the subject or did not supply a response. Source: Compiled from data submitted in response to Commission questionnaires.								

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged margins of dumping and subsidies were presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of three responding firms.

U.S. PRODUCERS

The petition identified six current and three former U.S. producers of SWG hangers. The Commission received questionnaire responses from three of the current U.S. producers, which accounted for approximately *** percent of SWG hanger production in the United States in 2010.¹

Presented in table III-1 is a list of responding domestic producers of SWG hangers and each company's position on the petition, production location, related and/or affiliated firms, and share of reported production of SWG hangers in 2010.

Table III-1

SWG hangers: U.S. producers, positions on the petition, U.S. production locations, related and/or affiliated firms, and shares of 2010 reported U.S. production

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

As indicated in table III-1, no responding U.S. producers are related to foreign producers of the subject merchandise or are related to U.S. importers of the subject merchandise. In addition, as discussed in greater detail below, no responding U.S. producers directly import the subject merchandise or purchase

¹ The three current U.S. producers that did not respond are Metro Supply Company, Eagle Hangers, and Ganchos (collectively accounting for an estimated *** percent of production in 2010). Shanti, Great Plains, and Platinum Hanger are former producers of SWG hangers and did not respond to the Commission's questionnaires. The former producers accounted for an estimated *** percent of production in 2010. Petition p. I-3-6 and exh. I-3.

the subject merchandise from U.S. importers. However, one U.S. producer is related to a producer of SWG hangers in Mexico and also imports SWG hangers from Mexico.²

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

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

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

Table continued on following page.

² Eagle Hanger, which did not provide a questionnaire response, sells SWG hangers that are produced both in the United States and Vietnam. The company's website indicates that it offers shirt, strut, caped, and suit hangers from Vietnam. Eagle Hangers' website, as reproduced in Petitioners' postconference brief, exh. 1.

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

Year	Company	Description of event (merger, shutdown, bankruptcy, change in capacity)
2008	Shanti	***.
	Indy Hanger	***.
2009	US Hanger	***. (This company is not related to the US Hanger company that ceased operations in 2004.)
	Eagle Hangers	Began production in Pearland, TX ***.
	Platinum Hanger	Began operations sometime after the antidumping investigation of SWG hangers from China in 2008, however the company shut down in 2009.
2010	Shanti	Filed for bankruptcy in January 2010.
	Great Plains Hanger	Began production of SWG hangers in February.
2011	Shanti	Closed its hanger production facilities in January 2011.
	Great Plains Hanger	Closed its hanger production facilities in early 2011.

Source: Compiled from information submitted in response to Commission questionnaires, the petition, postconference briefs, and *Steel Wire Garment Hangers from China, Inv. No. 731-TA-1123 (Final)*, USITC Publication 4034, September 2008, and <http://www.meenathiruvengadam.com/articles/dry-cleaners.html>.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Table III-3 presents reported data on U.S. producers' capacity, production, and capacity utilization between 2008 and 2010, and interim data for 2010 and 2011. Reported production increased from *** SWG hangers in 2008 to *** in 2010 and also was *** percent higher in January-September 2011 than in the same period in 2010. Reported capacity has increased throughout the period for which data were collected. This is the initiation of production by Indy Hangers and US Hanger in 2008 and 2009, respectively, ***. The three current producers that did not respond to the Commission's questionnaires (Eagle Hanger,³ Ganchos, and Metro) had estimated production of *** hangers in 2010.⁴ Former producer Shanti, which had capacity to produce *** hangers in 2010,⁵ filed for bankruptcy in January 2010 and shut down its manufacturing facilities in January 2011. Two companies, Platinum Hanger and Great Plains, began production of SWG hangers after the investigation on SWG hangers from China ended, but stopped production in 2009 and 2011, respectively.^{6 7}

³ Staff attempted to contact Eagle Hanger after issuing the company questionnaires on ***. Staff telephone note, ***.

⁴ Petition, exh. I-3.

⁵ Ibid.

⁶ Petition p. I-5. Platinum Hanger had estimated production of *** hangers in 2009 and Great Plains had estimated production of *** hangers in 2010. Petition exh. I-3.

⁷ See also respondents' postconference brief at exhibit 2 for a further discussion of these companies.

**Table III-3
SWG hangers: U.S. capacity, production, and capacity utilization, 2008-10, January-September 2010, and January-September 2011**

* * * * *

U.S. PRODUCERS' SHIPMENTS

Reported data on U.S. producers' shipments of SWG hangers are presented in table III-4. U.S. shipments of SWG hangers by quantity increased by *** percent from 2008 to 2010 and were *** percent higher in January-September 2011 than in January-September 2010. The unit value of U.S. shipments of SWG hangers decreased from \$*** per 1,000 hangers in 2008 to \$*** per 1,000 hangers in 2010, and was \$*** in January-September 2011 compared to \$*** in January-September 2010.

One U.S. producer (***) reported exporting hangers, which constituted a *** portion of the quantity of U.S. producers' shipments of SWG hangers throughout the period for which data were collected. This company reported primarily exporting to ***.

**Table III-4
SWG hangers: U.S. producers' shipments, by types, 2008-10, January-September 2010, and January-September 2011**

* * * * *

U.S. PRODUCERS' INVENTORIES

Table III-5, which presents end-of-period inventories for SWG hangers, shows that inventories increased *** from 2008 to 2009, but then decreased in 2010. This decrease in 2010, combined with higher production and shipments resulted in a marked decline in all inventory ratios in 2010. ***.

**Table III-5
SWG hangers: U.S. producers' end-of-period inventories, 2008-10, January-September 2010, and January-September 2011**

* * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports of SWG hangers are presented in table III-6. No company reported purchasing SWG hangers. *** to import SWG hangers during the period for which data were collected, and imported from ***.⁸ These imports were *** percent lower in 2010 than in 2008, and decreased by another *** percent from January-September 2010 to January-September 2011.

**Table III-6
SWG hangers: U.S. producers' imports and purchases, 2008-10, January-September 2010, and January-September 2011**

* * * * *

⁸ Petitioners assert that Eagle Hanger advertises hangers from both Vietnam and the United States on its website. Petitioners do not know if Eagle Hangers imports hangers directly from Vietnam or purchases imported hangers for resale in the U.S. market. Petitioners' postconference brief, p. 7.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' aggregate employment data for SWG hangers are presented in table III-7. Production-related workers (PRWs) increased from 2008 to 2009 by *** percent, but decreased in 2010 by *** percent. The increase in PRWs from 2008 to 2009 was mainly due to US Hanger beginning production in 2009 with *** PRWs. The hours worked by PRWs as well as the total wages paid increased from 2008 to 2010, and were also higher in January-September 2011 than in January-September 2010. Hours worked per PRW and productivity decreased from 2008 to 2009, but increased in 2010 and were higher in January-September 2011 than in January-September 2010.

Table III-7

SWG hangers: U.S. producers' employment-related data, 2008-10, January-September 2010, and January-September 2011

* * * * *

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 59 firms believed to be importers of SWG hangers, as well as to all U.S. producers of SWG hangers. Twenty-two firms submitted usable questionnaire responses. These firms accounted for 15.9 percent of imports from Taiwan, 53.9 percent of imports from Vietnam, and 45.9 percent of imports from all other sources, entered under HTS statistical reporting number 7326.20.0020, between January 2008 and September 2011.¹ The coverage by the usable questionnaire responses is equivalent to 44.9 percent of all imports of SWG hangers between January 2008 and September 2011. Table IV-1 lists all responding U.S. importers of SWG hangers from Taiwan, Vietnam, and other sources, their locations, and their shares of U.S. imports, in 2010.

U.S. IMPORTS

Table IV-2 presents data for U.S. imports of SWG hangers from Taiwan and Vietnam and all other sources. The leading nonsubject suppliers are shown in table IV-3.

As shown in table IV-2, imports from Taiwan increased substantially in 2009 and 2010, after the antidumping duty order on China entered into effect,² but then decreased in January-September 2011 to 54.8 million SWG hangers. Imports from Vietnam increased substantially in 2009 and 2010, and in January-September 2011 reached 733.1 million SWG hangers. Vietnam was the largest subject source during January 2008-September 2011. Imports from all other sources combined in January-September 2011 were 767.4 million SWG hangers, a level higher than in calendar year 2010.

¹ Several factors contributed to the questionnaire coverage for U.S. imports from Taiwan. The two companies with the largest volumes of imports of SWG hangers from Taiwan (according to Customs data) did not respond to the Commission's questionnaires. With respect to ***, a responding importer in the same general area indicated that he had no knowledge of the company. With respect to ***, a responding importer in the same general area indicated that the company had gone out of business. Staff telephone interviews with ***, January 23, 2012. In addition, the company with the third-largest volume of imports of SWG hangers from Taiwan (according to Customs data) provided only a late and incomplete response to the Commission's questionnaire. *** reported that it imported *** SWG hangers valued at \$*** from Taiwan in 2010.

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

Table IV-1
SWG hangers: U.S. importers, source(s) of imports, U.S. headquarters, and shares of reported imports in 2010

Firm	Headquarters	Source of imports	Share of reported imports (<i>percent</i>)			
			Taiwan	Vietnam	Other	Total
Chung Hwa Prince Group	Long Island City, NY	***	***	***	***	***
Cleanus, Inc.	Elk Grove Village, IL	***	***	***	***	***
CTN Hangers USA, LLC	Arlington, TX	***	***	***	***	***
Eastern Dry Cleaner Supply	Little Ferry, NJ	***	***	***	***	***
Franco American	Monterey Park, CA	***	***	***	***	***
Go Source USA	Miami, FL	***	***	***	***	***
Godoxa International	Raleigh, NC	***	***	***	***	***
Golden Trader Group, LLC	Maitland, FL	***	***	***	***	***
H2I2 Dry Cleaning Supply	Aurora, CA	***	***	***	***	***
H&D Hangers	Westminster, CA	***	***	***	***	***
Hong Kong Wells	El Monte, CA	***	***	***	***	***
J L Imports	Hasbrook Heights, NJ	***	***	***	***	***
M&B Metal Products	Leeds, AL	***	***	***	***	***
My Cleaning Supply, Corp.	Palisades Park, NJ	***	***	***	***	***
North America Hanger, Corp.	Oak Park, MI	***	***	***	***	***
Nuclear Supply, Inc.	Collingdale, PA	***	***	***	***	***
Reliable Hangers & Packaging/SouthWest Supply	Houston, TX	***	***	***	***	***
Tri Loan Hangers, Inc.	West Chester, OH	***	***	***	***	***
Tri State Suppliers Consumer Suppliers, Inc. d.b.a. Legends to Legacy, Inc.	Cincinnati, OH	***	***	***	***	***
United Trading Co., Inc.	Missouri City, TX	***	***	***	***	***
Wah Hing Lee Investment	Alameda, CA	***	***	***	***	***
Y&S International Trading, Inc.	Flushing, NY	***	***	***	***	***
Total			100.0	100.0	100.0	100.0

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

Table IV-2
SWG hangers: U.S. imports, by sources, 2008-10, January-September 2010, and January-September 2011

Source	Calendar year			January-September	
	2008	2009	2010	2010	2011
Quantity (1,000 hangers)					
Taiwan	24,352	331,678	334,145	277,408	54,809
Vietnam	93,977	426,551	823,897	607,482	733,120
Subtotal	118,330	758,229	1,158,042	884,890	787,929
Nonsubject	2,535,313	1,300,206	748,400	580,953	767,368
Total	2,653,643	2,058,434	1,906,443	1,465,843	1,555,297
Value (1,000 dollars)¹					
Taiwan	1,850	12,102	13,052	10,629	2,404
Vietnam	4,637	18,316	30,194	22,143	28,852
Subtotal	6,487	30,417	43,246	32,772	31,256
Nonsubject	104,087	46,316	29,488	22,482	31,229
Total	110,573	76,733	72,734	55,254	62,486
Unit value (dollars per 1,000 hangers)¹					
Taiwan	75.97	36.49	39.06	38.31	43.87
Vietnam	49.34	42.94	36.65	36.45	39.36
Subtotal	54.82	40.12	37.34	37.03	39.67
Nonsubject	41.05	35.62	39.40	38.70	40.70
Average	41.67	37.28	38.15	37.69	40.18
Share of quantity (percent)					
Taiwan	0.9	16.1	17.5	18.9	3.5
Vietnam	3.5	20.7	43.2	41.4	47.1
Subtotal	4.5	36.8	60.7	60.4	50.7
Nonsubject	95.5	63.2	39.3	39.6	49.3
Total	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
Taiwan	1.7	15.8	17.9	19.2	3.8
Vietnam	4.2	23.9	41.5	40.1	46.2
Subtotal	5.9	39.6	59.5	59.3	50.0
Nonsubject	94.1	60.4	40.5	40.7	50.0
Total	100.0	100.0	100.0	100.0	100.0
¹ Landed, U.S. port of entry, duty-paid. Source: Compiled from official Commerce statistics (HTS 7326.20.0020).					

On October 28, 2011, Commerce made an affirmative final determination in a circumvention investigation related to the antidumping duty order on SWG hangers from China. It found that Angang Clothes Rack Manufacture Co., Ltd. (“Angang”) and Quyky Yanglei International Co., Ltd. (“Quyky”), both of Vietnam, were circumventing the antidumping duty order on SWG hangers from China and directed Customs and Border Control to suspend liquidation and to require a cash deposit of estimated duties at the China-wide rate of 187.25 percent on all unliquidated entries of SWG hangers produced and/or exported by these companies for consumption on or after July 16, 2010.³ According to proprietary Customs data, imports from Angang and Quyky were *** and *** hangers, respectively, for the period for which data were available.⁴ However, *** additional duties have been paid on SWG hangers from Vietnam during the period for which data were collected.

During the conference, respondents contended that many of the imports from Taiwan and Vietnam were circumventing the order on China or being transhipped from China.⁵ Indeed, according to one witness, Mr. Tran, an estimated 90 percent of imports of SWG hangers from Taiwan were circumventing/transhipped. For Vietnam, he estimated transhipments account for 30-35 percent of imports.⁶ According to Mr. Tran, only 8 companies are legitimate producers of SWG hangers in Vietnam.⁷

The data in the following tabulation are the reported imports from the 22 responding firms that certified importing SWG hangers from either Taiwan or Vietnam.

* * * * *

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

* * * * *

The leading nonsubject sources are shown in table IV-3. The leading nonsubject source in 2008 was China, with more than 2 billion SWG hangers. Such imports declined sharply through 2010 to 220.0 million SWG hangers, after the antidumping duty order on China entered into effect.⁸ The second leading nonsubject source was Mexico, with imports fluctuating between 436.5 million in 2008 and 375.0 million SWG hangers in 2010.

³ *Steel Wire Garment Hangers From the People's Republic of China: Affirmative Final Determination of Circumvention of the Antidumping Duty Order*, 76 FR 66895 (October 28, 2011).

⁴ According to proprietary Customs data, Angang imported ***, ***, ***, and *** SWG hangers in 2008, 2009, 2010, and January-August 2011, respectively. Quyky imported ***, ***, ***, and *** SWG hangers in 2008, 2009, 2010, and January-August 2011, respectively.

⁵ Conference transcript, pp. 11-13 (Neely) and p. 101 (Tran).

⁶ Conference transcript p. 103 (Tran).

⁷ Respondents’ postconference brief, exh. 4. There are a number of related companies among the 42 listed in the petition.

⁸ The petition regarding imports of steel wire garment hangers from China was filed on July 31, 2007, Commerce’s preliminary determination was published on March 25, 2008, and Commerce published the antidumping duty order on October 6, 2008. 73 FR 15726; 73 FR 58111.

Table IV-3
SWG hangers: U.S. imports, by leading nonsubject sources, 2008-10, January-September 2010,
and January-September 2011

Source	Calendar year			January-September	
	2008	2009	2010	2010	2011
Quantity (1,000 hangers)					
China	2,069,185	733,871	220,001	161,159	382,968
Mexico	436,524	453,473	374,990	295,365	298,575
Korea	10,781	28,016	38,882	27,669	34,555
Pakistan	0	21,651	24,678	19,021	34,231
All other	18,824	63,194	89,850	77,739	17,039
Total	2,535,313	1,300,206	748,401	580,953	767,368
Value (1,000 dollars)¹					
China	82,744	25,878	9,763	6,889	16,132
Mexico	18,483	14,846	12,742	9,875	11,414
Korea	571	1,064	1,498	1,125	1,281
Pakistan	0	937	1,065	804	1,282
All other	2,288	3,592	4,420	3,789	1,120
Total	104,087	46,316	29,488	22,482	31,229
Unit value (per 1,000 hangers)¹					
China	\$39.99	\$35.26	\$44.38	\$42.75	\$42.12
Mexico	42.34	32.74	33.98	33.43	38.23
Korea	52.96	37.98	38.51	40.67	37.07
Pakistan	---	43.26	43.16	42.25	37.46
Nonsubject	121.56	56.84	49.19	48.74	65.75
Average	41.05	35.62	39.40	38.70	40.70

Table continued on next page.

Table IV-3--Continued

SWG hangers: U.S. imports, by leading nonsubject sources, 2008-10, January-September 2010, and January-September 2011

Source	Calendar year			January-September	
	2008	2009	2010	2010	2011
Share of quantity (percent)					
China	81.6	56.4	29.4	27.7	49.9
Mexico	17.2	34.9	50.1	50.8	38.9
Korea	0.4	2.2	5.2	4.8	4.5
Pakistan	0.0	1.7	3.3	3.3	4.5
Subtotal	0.7	4.9	12.0	13.4	2.2
Total	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
China	79.5	55.9	33.1	30.6	51.7
Mexico	17.8	32.1	43.2	43.9	36.5
Korea	0.5	2.3	5.1	5.0	4.1
Pakistan	0.0	2.0	3.6	3.6	4.1
Subtotal	2.2	7.8	15.0	16.9	3.6
Total	100.0	100.0	100.0	100.0	100.0
¹ Landed, U.S. port of entry, duty-paid. Source: Compiled from official Commerce statistics (HTS 7326.20.0020).					

NEGLIGENCE

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.⁹ Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation.¹⁰ However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from

⁹ Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

¹⁰ The Statute also provides that, even if subject imports are found to be negligible for purposes of present material injury, they should not be treated as negligible for purposes of any threat analysis should the Commission determine that imports will imminently exceed the negligibility threshold.

such countries are deemed not to be negligible.¹¹ Between December 2010 and November 2011, imports by quantity from Taiwan accounted for 3.4 percent of total imports of SWG hangers, imports by quantity from Vietnam accounted for 45.7 percent of total imports of SWG hangers.¹²

CUMULATION

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

Fungibility

In 2010, uniform rental hangers accounted for the largest individual shares of U.S. producers' U.S. shipments and of U.S. shipments of imports of SWG hangers from Vietnam. U.S. shipments of imported SWG hangers from Taiwan and from nonsubject sources were more heavily concentrated in shirt hangers and strut hangers and, to a lesser extent, caped hangers – categories that also accounted for a substantial portion of U.S. shipments of SWG hangers from Vietnam. While less prevalent for U.S. producers, these three categories still represented almost *** of U.S. shipments of SWG hangers in 2010. Additional types of SWG hangers – namely, suit and drapery hangers – accounted for smaller shares of U.S. shipments by U.S. producers and U.S. importers alike.

In 2010, painted hangers accounted for the largest individual shares of U.S. shipments of SWG hangers produced in the United States and imported from Taiwan and from nonsubject sources. A substantial share of U.S.-produced hangers were coated, as were the bulk of those from Vietnam. Painted hangers accounted for a smaller - but not insubstantial - share of reported imports of SWG hangers from Vietnam, although at least one importer reported an alternative to painting (powder-coating).¹³ Galvanized hangers were available largely, though not exclusively, from domestic sources. U.S. shipments and U.S. imports by product and by source in 2010 are presented in tables IV-4 and IV-5.

Table IV-4
SWG hangers: U.S. producers' and U.S. importers' shares of U.S. shipments by type of hanger, 2010

* * * * *

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

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

¹³ One witness at the staff conference asserted that SWG hangers produced in Vietnam are not painted (due to regulatory restrictions) and are only rarely galvanized. Conference transcript, pp. 118-119 (Lim) .

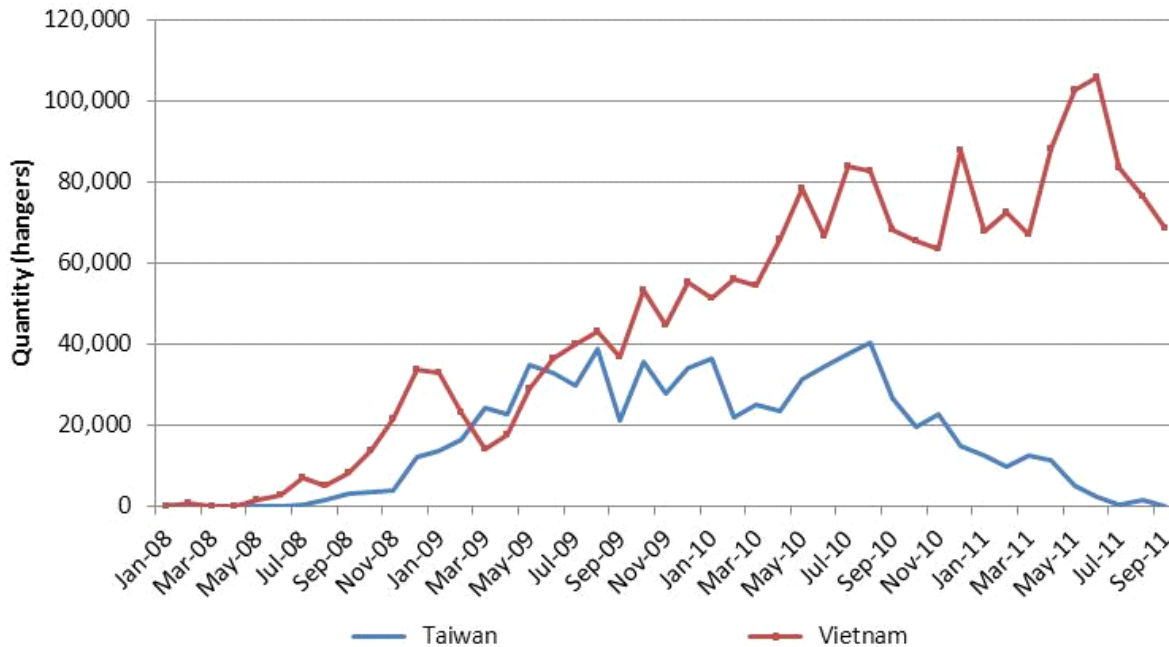
Table IV-5
SWG hangers: U.S. producers' and U.S. importers' shares of U.S. shipments by coating of hanger, 2010

* * * * *

Presence in the Market

With respect to simultaneous presence in the market, in the 45 months between January 2008 and September 2011, imports of SWG hangers from Taiwan and Vietnam entered the United States in 41 and 42 months, respectively.¹⁴ However, as shown in Figure IV-1, monthly volumes varied markedly over time.

Figure IV-1
SWG hangers: U.S. imports, monthly entries into the United States, by sources, January 2008-September 2011



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

Geographic Markets

With respect to geographic markets, U.S. imports of SWG hangers from Taiwan primarily entered the United States through the Customs districts of New York, Baltimore, Los Angeles, Chicago,

¹⁴ Department of Commerce’s official statistics (HTS 7326.20.0020). Imports of SWG hangers from both Taiwan and Vietnam also entered the United States in October and November 2011.

and Seattle. U.S. imports of SWG hangers from Vietnam primarily entered the United States through the Custom districts of Los Angeles, New York, Seattle, Dallas-Fort Worth, and Charleston, NC.¹⁵

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of SWG hangers during the period for which data were collected are shown in tables IV-6 and IV-7.

Table IV-6

SWG hangers: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2008-10, January-September 2010, and January-September 2011

Item	Calendar year			January-September	
	2008	2009	2010	2010	2011
Quantity (1,000 hangers)					
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from--					
Taiwan	24,352	331,678	334,145	277,408	54,809
Vietnam	93,977	426,551	823,897	607,482	733,120
Subtotal	118,330	758,229	1,158,042	884,890	787,929
Nonsubject countries	2,535,313	1,300,206	748,400	580,953	767,368
Total U.S. imports	2,653,643	2,058,434	1,906,443	1,465,843	1,555,297
Apparent U.S. consumption	***	***	***	***	***
Value (1,000 dollars)					
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from--					
Taiwan	1,850	12,102	13,052	10,629	2,404
Vietnam	4,637	18,316	30,194	22,143	28,852
Subtotal	6,487	30,417	43,246	32,772	31,256
Nonsubject countries	104,087	46,316	29,488	22,482	31,229
Total U.S. imports	110,573	76,733	72,734	55,254	62,486
Apparent U.S. consumption	***	***	***	***	***
Note.--Because of rounding, figures may not add to the totals shown.					
Source: Compiled from data submitted in response to Commission questionnaires.					

¹⁵ Department of Commerce's official statistics (HTS 7326.20.0020).

U.S. MARKET SHARES

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

Table IV-7

SWG hangers: U.S. consumption and market shares, 2008-10, January-September 2010, and January-September 2011

* * * * *

RATIO OF IMPORTS TO U.S. PRODUCTION

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

Table IV-8

SWG hangers: U.S. production, U.S. imports, and ratios of imports to U.S. production, 2008-10, January-September 2010, and January-September 2011

Item	Calendar year			January-September	
	2008	2009	2010	2010	2011
Quantity (1,000 hangers)					
U.S. production	***	***	***	***	***
Imports from:					
Taiwan	24,352	331,678	334,145	277,408	54,809
Vietnam	93,977	426,551	823,897	607,482	733,120
Subtotal	118,330	758,229	1,158,042	884,890	787,929
Nonsubject countries	2,535,313	1,300,206	748,400	580,953	767,368
Total imports	2,653,643	2,058,434	1,906,443	1,465,843	1,555,297
Ratio of U.S. imports to production (percent)					
Imports from:					
Taiwan	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal	***	***	***	***	***
Nonsubject countries	***	***	***	***	***
Total imports	***	***	***	***	***
Note.—Because of rounding, figures may not add to the totals shown.					
Source: Compiled from data submitted in response to Commission questionnaires.					

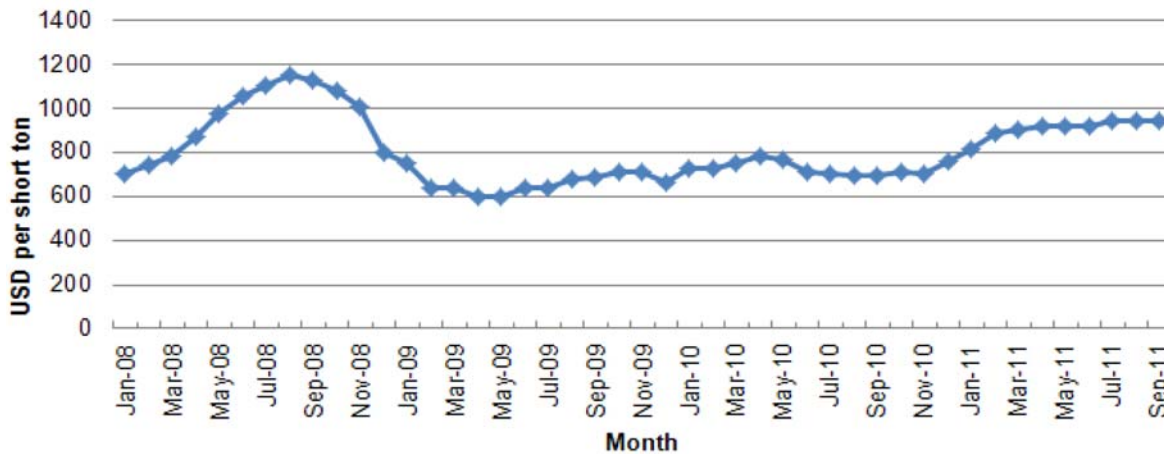
PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

The primary raw material used in the production of SWG hangers is low-carbon steel wire. Producers can either form the hangers from steel wire rod which they draw into wire before making the hangers (in an “integrated” production operation) or purchase pre-formed wire (in a “non-integrated” operation).¹ Between 2008 and 2010, the share of cost of goods sold accounted for by raw materials decreased from *** percent to *** percent. However, during January-September 2011, the share increased to *** percent, reflecting rising steel prices. Figure V-1 shows monthly prices of low-carbon steel wire rod from January 2008 through September 2011. Overall, during this period, prices for low-carbon steel wire rod rose 35 percent; however, prices peaked in August 2008 and then declined until early 2009. After that prices were fairly stable until December 2010 when prices rose until July 2011. Between July and September 2011 prices remained stable. Most U.S. producers and importers that commented on raw materials reported that steel prices had fluctuated since 2008. Those who gave projections for the future expected prices to increase.

Figure V-1
Low-carbon steel wire rod: U.S. domestic prices, monthly, January 2008 to September 2011



Source: *American Metal Market*, Price Report (retrieved January 23, 2012).

U.S. Inland Transportation Costs

All U.S. producers and 11 of 14 responding U.S. importers reported that they typically arrange transportation to their customers. U.S. producers reported that their U.S. inland transportation costs ranged from 7 to 10 percent while importers reported costs of 1 to 25 percent. One of three responding U.S. producers and nine of 14 responding importers reported making at least 70 percent of their sales within 100 miles from their point of shipment. Two responding U.S. producers and four responding

¹ Changes in cost for steel wire typically reflect the changes in the cost of steel wire rod.

importers reported making at least 60 percent of their sales within 101 to 1,000 miles of their point of shipment. One U.S. importer reported that all of its sales were more than 1,000 miles away.

PRICING PRACTICES

Pricing Methods

As presented in table V-1, U.S. producers and U.S. importers reported using transaction-by-transaction negotiations, contracts, set price lists, as well as two “other” methods.²

Table V-1
SWG Hangers: U.S. producers and U.S. importers reported pricing setting methods

Supplier	Number of firms ¹			
	Transaction-by-transaction	Contracts	Set price lists	Other
U.S. producers	3	0	3	0
U.S. importers that import SWG hangers from-- Vietnam	9	2	3	2
Taiwan	3	1	0	2
China	2	1	2	2
Mexico	1	0	1	0
Other countries	1	1	1	0

¹ The sum of responses across will not add up to the total number of responding firms by category as each firm was instructed to check all applicable price setting methods employed.

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

In 2010, all three U.S. producers reported selling 100 percent of their SWG hangers in the spot market. The vast majority U.S. importers (12 of 13)³ with sales of SWG hangers from Taiwan and Vietnam also reported selling all of their SWG hangers in the spot market. Only one U.S. importer reported using short-term contracts and none reported using long-term contracts. This importer, ***, reported that contracts averaged ***.

² Described as ***.

³ One of the 14 U.S. importers of SWG hangers from Vietnam and/or Taiwan did not have shipments of SWG hangers in 2010.

Sales Terms and Discounts

The majority of U.S. producers and importers reported no discount policy. Three of 18 U.S. importers and one of three U.S. producers reported giving quantity discounts. Two U.S. importers reported other types of discounts. Two of three U.S. producers reported terms of sale of net 30 days, the third reported terms of 2/10 net 30 days. The majority (11 of 14) of U.S. importers of SWG hangers Vietnam and/or Taiwan reported terms of sale of net 30 days.⁴ All three U.S. producers and six of 12 responding U.S. importers of subject products reported prices were quoted on a delivered basis. Six U.S. importers of SWG hangers from Vietnam and/or Taiwan reported prices were quoted on a f.o.b. basis.

LEAD TIMES

All three U.S. producers reported that they produced to order. Of these, two reported the majority (95 percent or more) of their sales were produced to order, while the third reported only *** percent of sales were produced to order. For items that were produced to order, U.S. producers reported a variety of lead times from “just in time” to a maximum of 4 weeks. One U.S. producer reported the majority of its sales were from inventory for which it indicated *** for lead time. For U.S. importers of SWG hangers from Taiwan or Vietnam, two of 13 reported that all sales were from U.S. inventory and an additional two reported that some sales (between 10 and 50 percent) were from U.S. inventory. Lead times for these sales were from 1 to 7 days. One of 13 responding U.S. importers, of subject products reported that the majority of its sales was from its foreign manufacturers’ inventory and that lead time was *** days. Nine of 13 U.S. importers of SWG hangers from Taiwan or Vietnam reported that they only produced to order and that lead times normally ranged between 60 to 90 days.⁵

⁴ Three of 14 U.S. importers indicated they had “other” terms for their sales of imported SWG hangers from Vietnam and Taiwan; one U.S. importer also reported it had terms of sales of 60 day net.

⁵ One of these U.S. importers reported a much shorter lead time than the others: *** days. One U.S. importer of subject products reported that *** of its sales were produced to order and that its lead time for these sales was *** days.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following SWG hangers shipped to unrelated U.S. customers (distributors or end users such as, dry cleaners and uniform rental companies) during January 2008 through September 2011 for the following products:

Product 1.–18-inch shirt hangers

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

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

Product 4.–16-inch strut hangers

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

Three U.S. producers and 15 importers provided usable pricing data for sales of the requested SWG hangers, although not all firms reported pricing for all SWG hangers for all quarters or countries.⁶ In 2010, pricing data reported by these firms accounted for approximately 44.0 percent of reported U.S. producers' shipments of SWG hangers, 5.4 percent of subject imports from Taiwan,⁷ 19.3 percent of subject imports from Vietnam, and 28.6 percent of subject imports from nonsubject countries (with higher levels of coverage for reported shipments of imports).

Price data for SWG hangers products 1–5 are presented in tables V-2 to V-6 and figure V-2. Nonsubject country prices are presented in Appendix D.

⁶ Some price data reported by one importer (***) for product 3 that was inconsistent with the pricing product definition were not included in Tables V-2 to V-6. Also, data reported by ***, that appeared to be incorrect based on their average unit values were also not included in Tables V-2 to V-6; attempts to get corrected data from these firms were unsuccessful. Data from three importers were also not included: ***. See these companies' questionnaire responses and staff telephone interviews with ***. One U.S. importer, ***. Two U.S. importers (***) reported average unit values (AUVs) which were very consistent by product. These data have been included in Tables V-2 to V-6. *** stated that actual prices only fluctuated by ***. See staff telephone interviews with ***. Commission staff attempted to contact ***, but received no response. However, because its AUVs were within the range of reported data, *** data were included in Tables V-2 to V-6. Finally, data reported by *** for SWG hangers made with 14 ½ inch gauge steel were included for product 4 which specifies a 13 inch gauge.

⁷ As discussed previously, the companies identified as the largest importers of SWG hangers from Taiwan did not respond to the Commission's questionnaire, or did so only belatedly and with incomplete data. Thus, the responding U.S. importers generally were smaller operations that accounted for substantially lower volumes of imports than ***, the three companies with the largest volumes of imports of SWG hangers from Taiwan (according to Customs data). Although no data were available from ***, *** reported importing approximately *** hangers apiece of shirt, strut, and caped hangers from Taiwan in 2010, in addition to smaller volumes of suit and drapery hangers. The company provided *** prices (but not actual quantities) for the Commission's requested price items as follows: Product 1: \$***; Product 2: \$***; Product 3: \$***; Product 4: \$***; and Product 5: \$***.

Table V-2

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2008-September 2011

* * * * *

Table V-3

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2008-September 2011

* * * * *

Table V-4

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2008-September 2011

* * * * *

Table V-5

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2008-September 2011

* * * * *

Table V-6

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarters, January 2008-September 2011

* * * * *

Figure V-2

SWG hangers: Weighted-average prices and quantities of domestic and imported SWG hangers, by quarters, January 2008-September 2011

* * * * *

Price Trends

Overall in general, prices fluctuated between January 2008 though September 2011, but prices for products from the United States generally increased, while prices for most products from Taiwan and Vietnam generally declined. Table V-7 summarizes the price trends, by country and by SWG hangers pricing product. As shown in the table, domestic price increases ranged from *** during January 2008 through September 2011; prices for imports from Taiwan ***; prices for imports from Vietnam ***.

Generally, prices for SWG hangers from the United States and Vietnam rose in 2008 and most products saw prices peak in the third or fourth quarter of 2008 (table V-2 through V-6). There was no price data for SWG hangers produced in Taiwan for 2008, however, prices peaked in the first quarter of 2009 for all products. Prices generally declined throughout 2009 for domestic and subject products produced in all three countries and at some point in 2010 started fluctuating but generally rising slightly. There were exceptions; for example, prices for product 5 from Vietnam had fluctuated throughout 2010–11, but generally declined further from its peak.

Table V-7

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

* * * * *

Price Comparisons

As shown in table V-8, prices for SWG hangers imported from Taiwan were below those for U.S.-produced SWG hangers in five of 43 instances; margins of underselling ranged from 2.5 to 10.1 percent and averaged 6.3 percent. In 38 instances, prices for SWG hangers from Taiwan were overselling U.S. product by between 2.6 and 40.1 percent and averaged 15 percent.⁸ Prices for SWG hangers imported from Vietnam were below those for U.S.-produced SWG hangers in 72 of 73 instances; margins of underselling ranged from 5.0 to 49.8 percent, and averaged 23.8 percent.⁹ In the remaining one instance, the price for SWG hangers from Vietnam was more than the price for domestic SWG hangers by 0.7 percent.

Table V-8
SWG hangers: Instances of underselling/overselling and the range and average of margins, January 2008-September 2011

* * * * *

LOST SALES AND LOST REVENUES

The Commission requested U.S. producers of SWG hangers to report any instances of lost sales or lost revenues they experienced due to competition from imports of SWG hangers from Taiwan and Vietnam since January 1, 2008. Of the three responding U.S. producers, two reported that they had to reduce prices or roll back announced price increases or had lost sales to Taiwan and Vietnam. The 97 lost sales allegations totaled \$*** and involved *** cases of SWG hangers and *** individual SWG hangers (table V-9 and V-10). Ninety-two of the allegations were specific to SWG hangers from Vietnam while five identified hangers from both Taiwan and Vietnam. The 124 lost revenues allegations totaled \$*** and involved *** SWG hangers (table V-11). One hundred of the allegations were specific to SWG hangers from Vietnam, 12 were for both Taiwan and Vietnam, and 10 were specific to Taiwan.¹⁰

Table V-9
SWG hangers: U.S. producers' lost sales allegations, by case

* * * * *

Table V-10
SWG hangers: U.S. producers' lost sales allegations, by 1,000 hangers

* * * * *

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

* * * * *

⁸ Products 1 and 4 were the most sold products from Taiwan, accounting for about 47 and 41 percent of total price product sales, respectively. See also prior discussion of U.S. prices for imports of SWG hangers from Taiwan.

⁹ Products 1 and 5 were the most sold products from Vietnam, accounting for about 38 and 32 percent of total price product sales, respectively.

¹⁰ For two line items the country was not identified.

Staff contacted all purchasers and a summary of the information obtained follows.

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

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

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

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

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

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

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

*** did not state if he agreed or disagreed with the three noted allegations. In place of such a statement he listed *** (table V-12). Generally, the prices ***.

Table V-12

* * * * *

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

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

INTRODUCTION

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

OPERATIONS ON SWG HANGERS

Income-and-loss data for U.S. firms on their operations on SWG hangers are presented in table VI-1, while selected financial data, by firm, are presented in table VI-2. The responding U.S. producers experienced increases in both net sales quantity and value from 2008 to 2010, and also in January-September 2011 as compared to January-September 2010. However, in each period for which data were requested, the domestic industry experienced an operating loss.¹ From 2008 to 2010, the overall operating loss declined irregularly but was fairly consistent at *** and operating margins of *** percent. Between the comparable interim periods, the operating loss was *** in January-September 2010 compared to *** in January-September 2011, with related operating margins of *** percent, respectively. The per-unit net sales value declined from 2008 to 2010; however, per-unit operating costs and expenses (cost of goods sold (“COGS”) and selling, general, and administrative (“SG&A”) expenses, combined) **, which led to a reduction in the per-unit operating loss in 2010 as compared to 2008. Between the comparable interim periods, the per-unit net sales value increased more than per-unit operating costs and expenses, which led to a smaller operating loss in January-September 2011 as compared to January-September 2010.

Table VI-1

SWG hangers: Results of operations of U.S. producers, 2008-10, January-September 2010, and January-September 2011

* * * * *

Table VI-2

SWG hangers: Results of operations of U.S. producers, by firm, 2008-10, January-September 2010, and January-September 2011

* * * * *

From 2008 to 2010, per-unit raw material costs and other factory costs decreased by \$*** and \$***, respectively, while direct labor increased by \$*** during this time.² Between the comparable interim periods, per-unit raw material costs increased by \$***, while direct labor and other factory costs declined by \$*** and \$***, respectively. Thus, the overall change in per-unit COGS during the period examined is primarily the result of increased or decreased raw material costs. In addition, the domestic SWG hanger industry’s SG&A expenses represented *** percent of overall operating costs and expenses during the period examined, and are also a factor in the industry’s reported financial performance.

¹ ***.

² Direct labor increased by \$*** from 2008 to 2009, then declined by \$*** from 2009 to 2010. ***.

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

VARIANCE ANALYSIS

The variance analysis presented in table VI-3 is based on the data in table VI-1. The analysis shows that the *** in the operating loss from 2008 to 2010 is primarily attributable to unfavorable price and volume variances that were somewhat greater than a favorable net cost/expense variance (that is, the decline in prices offset the decline in costs and expenses). Between the comparable interim periods, the *** in the operating loss is primarily attributable to a favorable price variance that offset an unfavorable net cost/expense variance (that is, prices increased more than costs/expenses declined). Even though sales volume improved from 2008 to 2010, as well as between the comparable interim periods, the volume variances are negative because these values are determined by multiplying the beginning period average unit operating profit (or loss) by the change in volume from the first period to the last period. Since the industry operated at a loss in 2008, and volume increased from 2008 to 2010, the volume variance is negative because the industry was making more sales of product on which it was losing money.⁶

Table VI-3
SWG hangers: Variance analysis on operations of U.S. producers, 2008-10, and January-September 2010-11

* * * * * * *

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

The responding firms' aggregate data on capital expenditures and research and development ("R&D") expenses are shown in table VI-4. Three firms provided capital expenditure data, and two firms provided data on R&D expenses. Capital expenditures increased continually from 2008 to 2010, then sharply declined between the comparable interim periods. *** of capital expenditures in 2009 and 2010. U.S. Hanger's capital expenditures include ***,⁷ *** of R&D expenses, and stated that such expenditures include ***,⁸

³ U.S. producers' questionnaire response of ***, p. 15, and conference transcript, pp. 33-34 (Smith).

⁴ Conference transcript, p. 76 (Pedelty).

⁵ Indy Hanger, M&B, and U.S. Hanger reported that *** of their total U.S. shipments in 2010 were to distributors (primarily selling to dry cleaning establishments).

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

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

⁸ E-mail correspondence from ***, January 25, 2012.

Table VI-4

SWG hangers: Capital expenditures and research and development expenses of U.S. producers, 2008-10, January-September 2010, and January-September 2011

* * * * *

ASSETS AND RETURN ON INVESTMENT

The Commission’s questionnaire requested data on assets used in the production, warehousing, and sale of SWG hangers to compute return on investment (“ROI”). Data on the U.S. producers’ total assets and their ROI are presented in table VI-5. From 2008 to 2010, the total assets for SWG hangers irregularly decreased from \$*** in 2008 to \$*** in 2010, and the ROI irregularly declined from *** percent in 2008 to *** percent in 2010.

Table VI-5

SWG hangers: Asset values and return on investment of U.S. producers, 2008-10

* * * * *

CAPITAL AND INVESTMENT

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

* * * * *

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the nature of the alleged subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

THE INDUSTRY IN TAIWAN

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

Petitioners assert that actual SWG hanger production and capacity in Taiwan are unknown,⁷ although they estimate capacity in Taiwan to be large given the volume of imports from Taiwan.⁸ The quantity of U.S. imports of SWG hangers into the United States increased, from 24.4 million hangers in 2008 to 334.1 million hangers in 2010. However, imports in 2011 through November were lower than in the same period the prior year, at 54.9 million hangers.⁹ Petitioners assert that in 2011 imports from Taiwan declined when imports from China temporarily increased due to Commerce's low antidumping duty rate findings in the first administrative review,¹⁰ described further in the nonsubject country discussion.

Staff issued questionnaires to 23 companies identified as potential producers or exporters of SWG hangers in Taiwan. However, beside three companies that responded that they have not produced or

¹ Petition, exh. I-6.

² Conference transcript, p. 103 (Tran).

³ Respondents' postconference brief, p. 2.

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

⁵ Petitioners' postconference brief, p. 21.

⁶ Respondents' postconference brief, exh. 1.

⁷ Petition, p. I-26.

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

⁹ Official Commerce statistics.

¹⁰ Petitioners' postconference brief, p. 16 (noting that imports from Vietnam continued to increase).

exported SWG hangers since January 2008,¹¹ none of the companies responded to the Commission's questionnaires.

THE INDUSTRY IN VIETNAM

The petition identified 42 alleged producers and exporters of SWG hangers in Vietnam.¹² Of these 42 companies, Respondents contend only 8 are legitimate Vietnamese SWG hanger manufacturers.¹³ According to Respondents, they represent the three largest SWG hanger manufacturing companies in Vietnam: TJ Company, Ltd. (including its related producers Tan Dinh Enterprise and Infinite Industrial Hanger, Ltd.), Triloan Hanger, Inc., and Hamico (including South East Asia Hamico and Linh Sa Hamico).¹⁴

Petitioners assert that actual SWG hanger production and capacity in Vietnam are unknown, although they estimate capacity to be substantial based on the volume of imports from Vietnam.¹⁵ The quantity of U.S. imports of SWG hangers increased from 94.0 million hangers in 2008 to 823.9 million hangers in 2010. In 2011 through November, the quantity of imports reached 849.7 million hangers and surpassed the volume of full year 2010 imports.¹⁶ As noted in the description of the manufacturing process in Part I, Respondents contend that only powder-coated hangers may be legally manufactured in Vietnam to comply with environmental laws.¹⁷ In contrast, some responding importers reported importing painted hangers from Vietnam, as shown in Table IV-6. At this time there is no known production of galvanized SWG hangers in Vietnam, although JL Imports stated that it once imported two low-quality containers of this product from Vietnam.¹⁸

During the investigation on steel wire garment hangers from China, some parties argued that steel wire garment hanger making machines were mobile and would likely be relocated to other countries, such as Vietnam, if an order were placed on imports from China. According to testimony during that investigation, Chinese producer Andrews Group stopped all Chinese production in March 2008 and began production in Vietnam at Cao Duc Clothes Hanger Co., Ltd. ("Andrews Vietnam") in July 2008.¹⁹ After the antidumping duty order went into effect in October 2008, the Petitioners filed an anti-circumvention petition with Commerce against two companies they alleged were making hangers in China and performing minor assembly in Vietnam. The two companies were Angang (related to the Chinese Andrews Group)²⁰ and Quyky. In its final determination, Commerce found that products from these two firms were circumventing the order on imports from China, and Commerce applied the China-wide rate to all shipments of those two companies. In the process, Commerce discovered that both production and assembly were occurring at Angang's facility in Vietnam,²¹ but because the hangers were commingled,

¹¹ The three companies are ***.

¹² Petition, exh. I-8.

¹³ Respondents' postconference brief, exh. 5 (***).

¹⁴ Conference transcript, p. 10 (Neeley).

¹⁵ Petition, p. I-26.

¹⁶ Official Commerce statistics.

¹⁷ Conference transcript, pp. 118-119 (Lim).

¹⁸ Conference transcript, p. 122 (Goldman).

¹⁹ *Steel Wire Garment Hangers from China, Inv. No. 731-TA-1123 (Final)*, USITC Publication 4034, September 2008, p. 114.

²⁰ Conference transcript, p. 101 (Tran).

²¹ Conference transcript, p. 48, p. 79, and p. 81 (Waite).

Commerce applied the China-wide rate to all of Angang's shipments.²² Respondents contend that there were substantial volumes of SWG hangers originating in China that were circumventing the order or otherwise being transshipped through Vietnam.²³

Table VII-1 lists information on five responding Vietnamese firms in 2010. Exports to the United States by these firms were equivalent to *** percent of the official U.S. import statistics for SWG hangers from Vietnam during 2010. Responding Vietnamese producers reported that SWG hanger production was between *** and *** percent of their total sales. All five reported that they did not produce or have the ability to produce products other than SWG hangers on their machinery and equipment.

Table VII-1
SWG hangers: Vietnamese firms' 2010 production, exports to the United States, and exports to the United States as a share of their production

Firm	2010 production (1,000 hangers)	2010 exports to the United States (1,000 hangers)	Exports to the United States as a share of total production (percent)
Linh Sa Hamico	***	***	***
Nam A Hamico Export Joint Stock Co.	***	***	***
Tri Loan Hangers	***	***	***
T.J. Co.	***	***	***
South East Asia Hamico Exports, JSC	***	***	***
Total	***	***	***

Note.--Official Commerce statistics report 823,896,981 hangers imported from Vietnam in 2010.
Source: Compiled from data submitted in response to Commission questionnaires.

Table VII-2 presents data for these five firms during 2008-10, January-September 2010, January-September 2011, and forecasts for 2011 and 2012. Reported Vietnamese capacity and production of SWG hangers increased markedly from 2008 to 2010, and capacity utilization increased by *** percentage points.²⁴ In 2011, two new producers entered into production.²⁵ Exports increased from *** hangers in 2008 to *** hangers in 2010, and were *** to the United States.²⁶

²² *Notice of Second Administrative Review of Steel Wire Garment Hangers From the People's Republic of China: Preliminary Results and Preliminary Rescission, in Part, of the Second Antidumping Duty Administrative Review*, 76 FR 66895-66899, October 28, 2011.

²³ Respondents' postconference brief, p. 2.

²⁴ South East Asia Hamico Exports, JSC started operating in April 2008. Conference transcript, p. 109 (Trinh).

²⁵ Nam A Hamico Export Joint Stock Company, and Triloan Hanger, Inc.

²⁶ Vietnamese producers of SWG hangers identified the United States as their export markets.

Table VII-2

SWG hangers: Vietnamese producers' operations, 2008-10, January-September 2010, January-September 2011, and projected 2011-12

* * * * *

U.S. IMPORTERS' INVENTORIES

Reported inventories of U.S. imports are presented in table VII-3. Inventories of Vietnamese SWG hangers increased from 2008 to 2010, while the ratios of inventories to imports and to U.S. shipments of imports declined. Inventories from all other sources declined, while the ratios of inventories to imports and inventories to U.S. shipments of imports for all other sources increased. Inventories from Vietnam were higher in January-September 2010 compared to January-September 2011, while inventories from nonsubject countries for the same period were lower.²⁷

Table VII-3

SWG hangers: U.S. importers' end-of-period inventories of imports, by source, 2008-10, January-September 2010, and January-September 2011

* * * * *

U.S. IMPORTERS' CURRENT ORDERS

Seven U.S. importers reported that they had placed orders for SWG hangers from Vietnam (***) (SWG hangers) scheduled for entry into the United States after September 30, 2011.

Two additional U.S. importers that imported from China, Taiwan, and Vietnam reported that they had placed orders for SWG hangers scheduled for entry into the United States after September 30, 2011, but they did not indicate quantity or country of origin.

ANTIDUMPING INVESTIGATIONS IN THIRD-COUNTRY MARKETS

Two importers reported knowledge of countervailing or antidumping duty orders on SWG hangers from China. No foreign producer reported knowledge of countervailing or antidumping duty orders on SWG hangers in third-country markets.

INFORMATION ON NONSUBJECT COUNTRIES

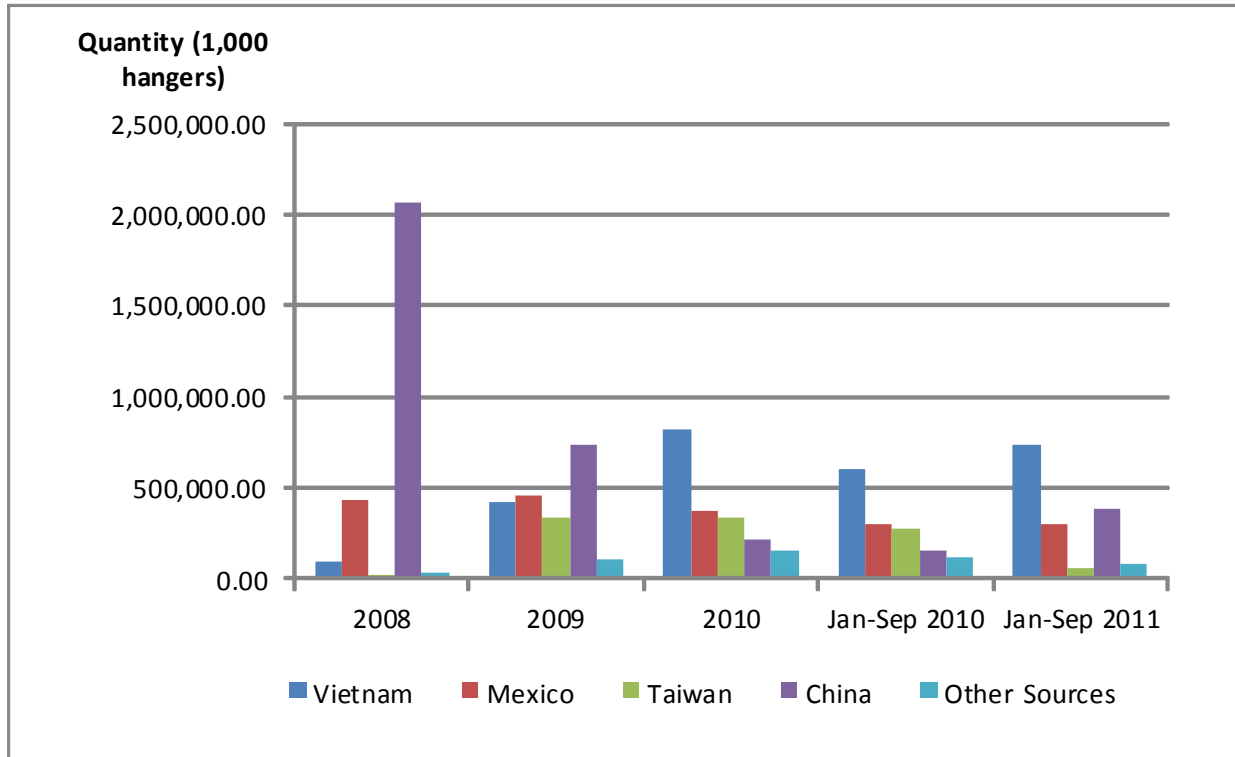
As discussed in Part IV of this report, the leading nonsubject suppliers are Mexico (accounting for 19.7 percent of total U.S. imports of SWG hangers during 2010) and China (11.5 percent), with 19 other countries accounting for the remainder of 2010 imports (figure VII-1). Initially, China and Mexico were both substantial U.S. import sources whose average unit value for SWG hangers were lower than those from Taiwan and Vietnam.²⁸ This difference decreased during 2008 and 2009 compared to the cumulated Taiwan and Vietnam average unit values and in 2010 the average unit value of U.S. imports from Taiwan and Vietnam were comparable to, or had fallen below, the average unit value of imports

²⁷ No U.S. importer reported inventories of SWG hangers from Taiwan.

²⁸ The average unit value for imports from Switzerland in 2008, Malaysia and Bangladesh in 2009, and Mongolia, the British Virgin Islands, and Hong Kong in 2010 were all less than the cumulated average unit value of imports from Taiwan and Vietnam. However, in none of these instances did imports from any of these nonsubject sources account for more than 0.5 percent of total SWG imports.

from China and Mexico.²⁹ Figure VII-2 shows the average unit values of imports from Taiwan, Vietnam, China, Mexico, and all other sources during the period for which data were collected.

Figure VII-1
SWG hangers: U.S. imports, by sources, 2008-10, January-September 2010, and January-September 2011

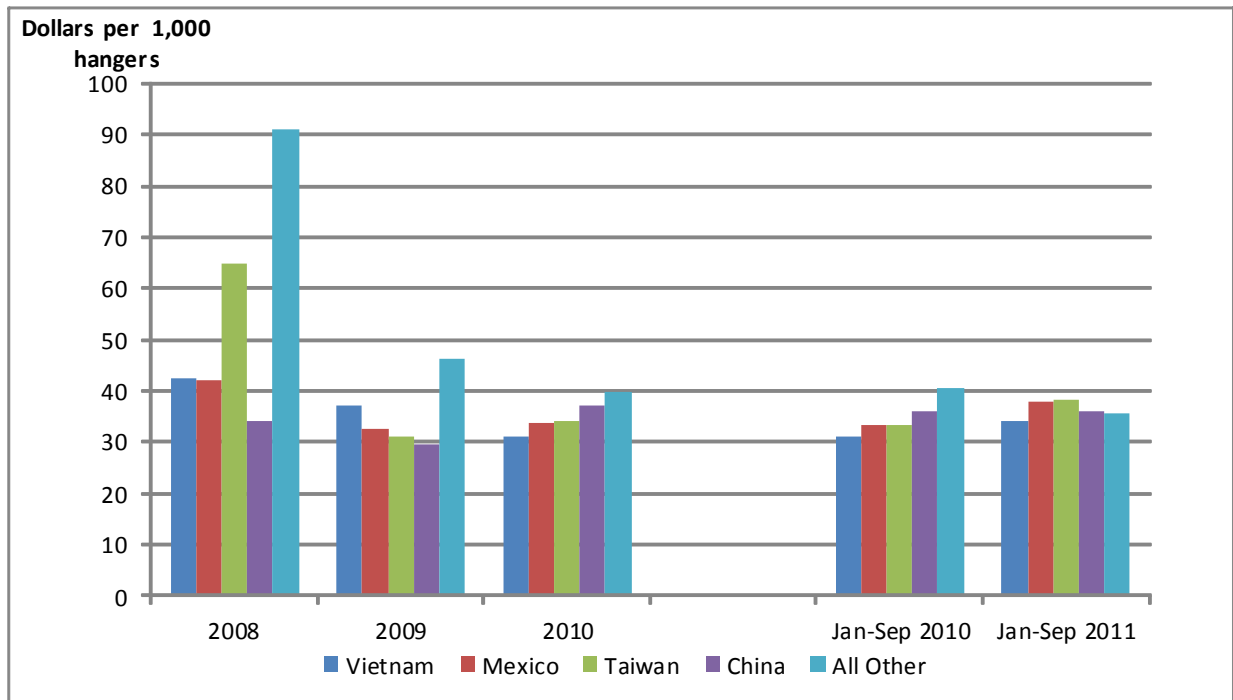


Source: Compiled from official Commerce statistics.

²⁹ Price data for SWG hangers from China and Mexico, as well as those produced in the United States, appear in appendix D.

Figure VII-2

SWG hangers: Average unit values of U.S. imports, by sources, 2008-10, January-September 2010, and January-September 2011



Source: Compiled from official Commerce statistics.

China

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

U.S. imports from China decreased substantially over the 2008-10 period after Commerce’s antidumping duty order was issued in October 2008, only to increase during 2011 according to official Commerce statistics. Petitioners contend that this increase was the result of a one-time reduction of the dumping duty deposit rate on hangers from China. In the first administrative review of steel wire garment hangers from China, Commerce determined that the weighted average dumping margin was 0.15 percent (*de minimis*) for Chinese exporter Shanghai Wells Hanger Co. (Shanghai Wells), the largest Chinese producer according to the Petitioners, and Commerce assigned a rate of 1.71 percent for sixteen other Chinese exporters.³¹ Petitioners contend that imports from Taiwan declined and there was a temporary increase in imports from China related to the first review results on the China order. Petitioners do not

³⁰ Petitioners’ postconference brief, p.19.

³¹ *Notice of First Administrative Review of Steel Wire Garment Hangers From the People’s Republic of China: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review*, 76 FR 27994-27998, May 13, 2011; Petitioners’ postconference brief, exh. 8.

view this as a long term trend. The preliminary results of the second administrative review found a higher 16.64 percent margin for Chinese exporter Shanghai Wells and the preliminary dumping margin of 187.25 percent for six other Chinese exporters on October 28, 2011.³² Petitioners also do not anticipate large volumes from China after Commerce's third administrative review because they do not expect full cooperation from the Chinese firms in the review process and therefore Commerce will re-apply the China-wide rate of 187.25 percent.³³

Mexico

Mexico has remained a substantial source of U.S. SWG hangers, accounting for between 16.5 and 22 percent of all U.S. SWG hanger imports by volume during 2008-10, although the absolute quantity of hangers imported from Mexico has declined from its peak of 453.5 million hangers in 2009.³⁴ M&B Hangers established a SWG hanger production plant in Piedras Negras, Mexico in 1999 and recently ***.³⁵ Reported imports from M&B's Mexican operations accounted for *** percent of total U.S. SWG hanger imports from Mexico in 2010, according to Commerce statistics. In 2008, M&B identified five producers of SWG hangers in Mexico: Productos de Alambre S.A. (PASA); Clavos Nacionales S.A.; Diamante 2000; Ganchos El Cedro S.A.; and Hangarme.³⁶ According to its web site, Clavos Nacionales S.A. is still producing SWG hangers.³⁷

In 2011, a Mexican businessman was convicted of transshipping Chinese-made SWG hangers through Mexico to the United States. The hangers first entered Mexico where the box labels were changed to "Made in Mexico." The product was then imported into the United States by either of two companies, Proveedoras de Limpiaduria de Tijuana or Huizar Cleaner de Mexico.³⁸ After the antidumping duty order on SWG hangers from China in 2008, the Petitioners alerted CBP to this and other alleged instances of transshipment.³⁹

³² *Notice of Second Administrative Review of Steel Wire Garment Hangers From the People's Republic of China: Preliminary Results and Preliminary Rescission, in Part, of the Second Antidumping Duty Administrative Review*, 76 FR 66895-66899, October 28, 2011; Petition, p. 33.

³³ Petitioners' postconference brief, p. 39.

³⁴ Official Commerce statistics for HTS statistical reporting number 7326.20.0020.

³⁵ M&B's producer questionnaire response, section II-2.

³⁶ *Steel Wire Garment Hangers from China, Inv. No. 731-TA-1123 (Final)*, USITC Publication 4034, September 2008, p. 113.

³⁷ From Clavos Nacionales Website, http://www.c-n.com.mx/historia_clavos-nacionales.php, retrieved January 25, 2011.

³⁸ Petitioners' postconference brief, exh. 13; U.S. Immigration and Customs Enforcement, News Release, *Tijuana Businessman Sentenced to 70 Months for Violating U.S. Tariff Laws*, June 10, 2011.

³⁹ Petitioners' postconference brief, pp. 20-21.

APPENDIX A
***FEDERAL REGISTER* NOTICES**

**INTERNATIONAL TRADE
COMMISSION**

[Investigation Nos. 701-TA-487 and 731-TA-1197-1198 (Preliminary)]

**Steel Wire Garment Hangers From
Taiwan and Vietnam; Institution of
Antidumping and Countervailing Duty
Investigations and Scheduling of
Preliminary Phase Investigations**

AGENCY: United States International
Trade Commission.

ACTION: Notice.

SUMMARY: The Commission hereby gives notice of the institution of investigations and commencement of preliminary phase antidumping and countervailing duty investigations Nos. 701-TA-487 and 731-TA-1197-1198 (Preliminary) under sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a) and 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Taiwan and Vietnam of steel wire garment hangers, provided for in subheading 7326.20 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value and alleged to be subsidized by the Government of Vietnam. Unless the Department of Commerce extends the time for initiation pursuant to sections 702(c)(1)(B) or 732(c)(1)(B) of the Act (19 U.S.C. 1671a(c)(1)(B) or 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping and countervailing duty investigations in 45 days, or in this case by February 13, 2012. The Commission's views are due at Commerce within five business days thereafter, or by February 21, 2012.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207).

DATES: *Effective Date:* December 29, 2011.

FOR FURTHER INFORMATION CONTACT:

Jennifer Merrill (202) 205-3188) or Stefania Pozzi Porter (202) 205-3177), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on (202) 205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted in response to a petition filed on December 29, 2011, by M&B Metal Products Company, Inc., Leeds, AL; Innovation Fabrication LLC/Indy Hanger, Indianapolis, IN; and US Hanger Company, LLC, Gardena, CA.

Participation in the investigations and public service list.—Persons (other than petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these investigations available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigations under the APO issued in the investigations, provided that the application is made not later than seven days after the publication of this notice in the **Federal**

Register. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference.—The Commission's Director of Investigations has scheduled a conference in connection with these investigations for 9:30 a.m. on January 20, 2012, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Requests to appear at the conference should be filed with the Office of the Secretary (William.Bishop@usitc.gov and Sharon.Bellamy@usitc.gov) on or before January 18, 2012. Parties in support of the imposition of countervailing and antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before January 25, 2012, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. Please be aware that the Commission's rules with respect to electronic filing have been amended. The amendments took effect on November 7, 2011. See 76 FR 61937 (Oct. 6, 2011) and the newly revised Commission's Handbook on E-Filing, available on the Commission's Web site at <http://edis.usitc.gov>.

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

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

By order of the Commission.

Issued: December 30, 2011.

James R. Holbein,

Secretary to the Commission.

[FR Doc. 2012-17 Filed 1-5-12; 8:45 am]

BILLING CODE 7020-02-P

SUPPLEMENTARY INFORMATION:**Petitions**

On December 29, 2011, the Department of Commerce (the “Department”) received antidumping duty (“AD”) petition concerning imports of steel wire garment hangers from Vietnam and Taiwan filed in proper form on behalf of M&B Metal Products Company, Inc.; Innovative Fabrication LLC/Indy Hanger; and US Hanger Company, LLC (collectively, “Petitioners”).^{1 2} On January 5, 2012, the Department issued a request for additional information and clarification of certain areas of the Petitions. On January 10, 2012, Petitioners filed a response with respect to general questions about information in the Petitions (“Supplement to the AD/CVD Petitions”). On January 11, 2012, Petitioners also filed responses specific to the Vietnam and Taiwan AD Petition (hereinafter, “Supplement to Vietnam Petition,” and “Supplement to the Taiwan Petition,” respectively). On January 11, 2012, Petitioners also filed a revision to the proposed scope language (“Second Scope Revision”). In accordance with section 732(b) of the Tariff Act of 1930, as amended (the “Act”), Petitioners allege that imports of steel wire garment hangers from Vietnam and Taiwan are being, or are likely to be, sold in the United States at less than fair value, within the meaning of section 731 of the Act, and that such imports are materially injuring, or threatening material injury to, an industry in the United States.

The Department finds that Petitioners filed the Petitions on behalf of the domestic industry because Petitioners are interested parties as defined in section 771(9)(C) of the Act and have demonstrated sufficient industry support with respect to the antidumping duty investigations that Petitioners are requesting that the Department initiate (see “Determination of Industry Support for the Petitions” section below).

Period of Investigation

The period of investigation (“POI”) for the investigation involving Vietnam is April 1, 2011, through September 30, 2011. The POI for the investigation involving Taiwan is October 1, 2010, through September 30, 2011.³

¹ See “Petitions for the Imposition of Antidumping Duties on Steel Wire Garment Hangers from Taiwan and Antidumping and Countervailing Duties on Steel Wire Garment Hangers from the Socialist Republic of Vietnam,” filed on December 29, 2011 (the “Petitions”).

² A countervailing duty (“CVD”) petition was also filed on steel wire garment hangers from Vietnam.

³ See 19 CFR 351.204(b)(1).

DEPARTMENT OF COMMERCE**International Trade Administration****[A–552–812, A–583–849]****Steel Wire Garment Hangers From the Socialist Republic of Vietnam and Taiwan: Initiation of Antidumping Duty Investigations**

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

DATES: *Effective Date:* January 25, 2012.

FOR FURTHER INFORMATION CONTACT: Catherine Bertrand at (202) 482–3207 (the Socialist Republic of Vietnam (“Vietnam”)), or Scot Fullerton at (202) 482–1386 (Taiwan), AD/CVD Operations, Office 9, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230.

Scope of Investigations

The product covered by these investigations is steel wire garment hangers from Vietnam and Taiwan. For a full description of the scope of the investigations, please see the "Scope of the Investigations," in Appendix I of this notice.

Comments on Scope of Investigations

During our review of the Petitions, we discussed the scope with Petitioners to ensure that it is an accurate reflection of the products for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the Department's regulations (*Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for interested parties to raise issues regarding product coverage. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determinations. The Department encourages all interested parties to submit such comments by February 7, 2012, twenty calendar days from the signature date of this notice. All comments must be filed on the records of Vietnam and Taiwan antidumping duty investigations as well as Vietnam countervailing duty investigation. Comments should be filed electronically using Import Administration's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). An electronically filed document must be received successfully in its entirety by the Department's electronic records system, IA ACCESS. Documents excepted from the electronic submission requirements must be filed manually (*i.e.*, in paper form) with the APO/Dockets Unit in Room 1870 and stamped with the date and time of receipt by the deadline noted above.

Comments on Product Characteristics for Antidumping Duty Questionnaires

We are requesting comments from interested parties regarding the appropriate physical characteristics of steel wire garment hangers to be reported in response to the Department's antidumping questionnaires. This information will be used to identify the key physical characteristics of the subject merchandise in order to more accurately report the relevant factors and costs of production, as well as to develop appropriate product comparison criteria.

Interested parties may provide any information or comments that they feel are relevant to the development of an accurate listing of physical characteristics. Specifically, they may provide comments as to which characteristics are appropriate to use as (1) general product characteristics and (2) the product comparison criteria. We note that it is not always appropriate to use all product characteristics as product comparison criteria. We base product comparison criteria on meaningful commercial differences among products. In other words, while there may be some physical product characteristics utilized by manufacturers to describe steel wire garment hangers, it may be that only a select few product characteristics that take into account commercially meaningful physical characteristics. In addition, interested parties may comment on the order in which the physical characteristics should be used in product matching. Generally, the Department attempts to list the most important physical characteristics first and the least important characteristics last.

In order to consider the suggestions of interested parties in developing and issuing the antidumping duty questionnaires, we must receive comments by February 7, 2012. Additionally, rebuttal comments must be received by February 14, 2011. All comments must be filed on the records of the Vietnam and Taiwan antidumping duty investigations. All comments and submissions to the Department must be filed electronically using IA ACCESS, as referenced above.

Determination of Industry Support for the Petitions

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) At least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) Poll the industry or rely on other information in order to determine if there is support for the petition, as required by

subparagraph (A); or (ii) determine industry support using a statistically valid sampling method to poll the industry.

Section 771(4)(A) of the Act defines the "industry" as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission ("ITC"), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (*see* section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law.⁴

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation" (*i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, Petitioners do not offer a definition of domestic like product distinct from the scope of the investigations. Based on our analysis of the information submitted on the record, we have determined that steel wire garment hangers constitute a single domestic like product and we have analyzed industry support in terms of that domestic like product. For a discussion of the domestic like product analysis in this case, *see* "Antidumping Duty Investigation Initiation Checklist: Steel Wire Garment Hangers from Taiwan" ("Taiwan AD Checklist") at Attachment II; "Antidumping Duty Investigation Initiation Checklist: Steel Wire Garment Hangers from Vietnam" ("Vietnam AD Checklist") at Attachment II, on file electronically in the Central Records Unit (room 7046 at

⁴ See *USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (CIT 2001) (citing *Algoma Steel Corp. v. United States*, 688 F. Supp. 639, 644 (CIT 1988)).

Herbert C Hoover Building) via IA ACCESS.

In determining whether Petitioners have standing under section 732(c)(4)(A) of the Act, we considered the industry support data contained in the Petitions with reference to the domestic like product as defined in the "Scope of Investigations," in Appendix I of this notice. To establish industry support, Petitioners provided their production as well as supporters' production of the domestic like product in 2010, and compared this to the estimated total production of the domestic like product for the entire domestic industry. To estimate total 2010 production of the domestic like product, Petitioners used their own data and industry specific knowledge. We have relied upon data Petitioners provided for purposes of measuring industry support. For further discussion, see Taiwan AD Checklist at Attachment II and Vietnam AD Checklist at Attachment II.

Our review of the information provided in the Petitions, supplemental submissions, and other information readily available to the Department indicates that Petitioners have established industry support. First, the Petitions established support from domestic producers accounting for more than 50 percent of the total production of the domestic like product and, as such, the Department is not required to take further action in order to evaluate industry support (*e.g.*, polling).⁵ Second, the domestic producers have met the statutory criteria for industry support under section 732(c)(4)(A)(i) of the Act because the domestic producers who support the Petitions account for at least 25 percent of the total production of the domestic like product.⁶ Finally, the domestic producers have met the statutory criteria for industry support under section 732(c)(4)(A)(ii) of the Act because the domestic producers who support the Petitions account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petitions.⁷ Accordingly, the Department determines that the Petitions were filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.⁸

The Department finds that the Petitioners filed the Petitions on behalf

⁵ See section 732(c)(4)(D) of the Act; see also Taiwan AD Checklist at Attachment II and Vietnam AD Checklist at Attachment II.

⁶ See Taiwan AD Checklist at Attachment II and Vietnam AD Checklist at Attachment II.

⁷ See *id.*

⁸ See *id.*

of the domestic industry because they are interested parties as defined in section 771(9)(C) of the Act and they have demonstrated sufficient industry support with respect to the antidumping duty investigations they are requesting the Department initiate.⁹

Allegations and Evidence of Material Injury and Causation

Petitioners allege that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the imports of the subject merchandise sold at less than normal value ("NV"). In addition, Petitioners allege that subject imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.

Petitioners contend that the industry's injured condition is illustrated by reduced market share, reduced shipments, reduced capacity, underselling and price depression or suppression, a decline in financial performance, lost sales and revenue, an increase in import penetration, and threat of future injury.¹⁰ We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation.¹¹

Allegations of Sales at Less Than Fair Value

The following is a description of the allegations of sales at less than fair value upon which the Department based its decision to initiate these investigations of imports of steel wire garment hangers from Vietnam and Taiwan. The sources of data for the deductions and adjustments relating to the U.S. price, the factors of production ("FOPs") (for Vietnam) and cost of production ("COP") (for Taiwan) are also discussed in the country-specific initiation checklists.¹²

Export Price

Vietnam

For Vietnam, Petitioners calculated export price ("EP") based on offers for sale of steel wire garment hangers by certain Vietnamese exporters/resellers and declarations of lost U.S. sales by U.S. producers during the POI, as identified in four "Declarations

⁹ See *id.*

¹⁰ See Taiwan AD Checklist at Attachment III and Vietnam AD Checklist at Attachment III.

¹¹ See *id.*

¹² See Vietnam AD Checklist at 6–9 and Taiwan AD Checklist at 6–8.

Regarding Lost U.S. Sales."¹³ Based on the stated sales and delivery terms, Petitioners deducted adjustments, charges and expenses associated with exporting and delivering to the U.S. customer, where appropriate.¹⁴ Petitioners made no other adjustments.¹⁵

Taiwan

For Taiwan, Petitioners based U.S. EP on a declaration of lost U.S. sales of three major types of steel wire garment hangers by U.S. producers and the average unit value ("AUV") for U.S. Harmonized Tariff Schedule ("USHTS") 7326.20.0020, described as "garment wire hangers of iron or steel," during the POI. The lost sales are supported by affidavits.¹⁶ Based on the stated sales and delivery terms, Petitioners deducted from these prices the adjustments, charges, and expenses associated with exporting and delivering the product to the U.S. customer, including ocean freight and insurance, U.S. duties and U.S. inland freight charges, and distributor mark-up, where appropriate.¹⁷

Normal Value

Vietnam

Petitioners state that the Department has long treated Vietnam as a non-market economy ("NME") country and this designation remains in effect today.¹⁸ In accordance with section 771(18)(C)(i) of the Act, the presumption of NME status remains in effect until revoked by the Department. The presumption of NME status for Vietnam has not been revoked by the Department and, therefore, remains in effect for purposes of the initiation of Vietnam investigation. Accordingly, the NV of the product for Vietnam investigation is appropriately based on FOPs valued in a surrogate market-

¹³ See Vietnam AD Checklist at 6; see also Volume III of the Petitions at III–5 and Exhibit III–4.

¹⁴ See Vietnam AD Checklist at 6; see also Volume III of the Petitions at III–5 and Exhibit III–5, and Supplement to Vietnam Petition at Attachment III–9

¹⁵ See Vietnam AD Checklist for additional details.

¹⁶ See Taiwan AD Checklist at 6; see also Volume II of the Petitions at II–4 and Exhibits II–4.

¹⁷ See *id.*

¹⁸ See Volume III of the Petitions at III–1 through III–3; see also *Circular Welded Carbon-Quality Steel Pipe From India, the Sultanate of Oman, the United Arab Emirates, and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations*, 76 FR 72164, 72167 (November 22, 2011); see also *Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam: Final Results and Final Partial Rescission of Antidumping Duty Administrative Review*, 76 FR 56158, 56160 (September 12, 2011).

economy (“ME”) country in accordance with section 773(c) of the Act. In the course of the Vietnam investigation, all parties, including the public, will have the opportunity to provide relevant information related to the issue of Vietnam’s NME status and the granting of separate rates to individual exporters.

Petitioners claim that India is an appropriate surrogate country under 19 CFR 351.408(a) because it is an ME country that is at a comparable level of economic development to Vietnam and surrogate values data from India are available and reliable. Petitioners also believe that India is a significant producer of comparable merchandise. Petitioners are not aware of significant production of steel wire garment hangers among other potential surrogate countries, such as Bangladesh, the Philippines, Indonesia, Sri Lanka, and Pakistan.¹⁹ Based on the information provided by Petitioners, we believe that it is appropriate to use India as a surrogate country for initiation purposes. After initiation of the investigation, interested parties will have the opportunity to submit comments regarding surrogate country selection and, pursuant to 19 CFR 351.301(c)(3)(i), will be provided an opportunity to submit publicly available information to value FOPs within 40 days after the date of publication of the preliminary determination.

Petitioners calculated the NV and dumping margins for the U.S. price, discussed above, using the Department’s NME methodology as required by 19 CFR 351.202(b)(7)(i)(C) and 19 CFR 351.408. Petitioners calculated NV based on consumption rates experienced by U.S. producers.²⁰ Petitioners assert that, to the best of Petitioners’ knowledge, the consumption rates of the domestic producers are very similar, if not identical, to the consumption of Vietnamese producers.²¹

Petitioners valued by-products and most FOPs based on reasonably available, public surrogate country data, specifically, Indian import statistics from the Global Trade Atlas (“GTA”).²² Petitioners excluded from these import statistics values from countries previously determined by the

Department to be NME countries, and from Indonesia, the Republic of Korea and Thailand, as the Department has previously excluded prices from these countries because they maintain broadly available, non-industry-specific export subsidies. Finally, imports that were labeled as originating from an “unspecified” country were excluded from the average value, because the Department could not be certain that they were not from either an NME country or a country with generally available export subsidies.²³ For valuing other FOPs, Petitioners used sources selected by the Department in recent proceedings involving Vietnam or publicly available sources from India.²⁴ In addition, Petitioners made Indian Rupee/U.S. dollar (“USD”) currency conversions using average exchange rates for the POI, based on Federal Reserve exchange rates.²⁵

Petitioners determined labor costs using the labor consumption rates derived from U.S. producers.²⁶ Petitioners valued labor costs using the calculated wage rate in a recent review involving steel wire garment hangers from the People’s Republic of China.²⁷

Petitioners determined electricity costs using the electricity consumption rates, in kilowatt hours, derived from one U.S. producer’s experience.²⁸ Petitioners valued electricity using the Indian electricity rate reported by the

²³ See, e.g., *Polyethylene Terephthalate Film, Sheet, and Strip from the People’s Republic of China: Preliminary Determination of Sales at Less Than Fair Value*, 73 FR 24552, 24559 (May 5, 2008), unchanged in *Polyethylene Terephthalate Film, Sheet, and Strip from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 55039 (September 24, 2008) (“*PET Film*”); see also Volume III of the Petitions at III-4 and Exhibit III-2, and Supplement to Vietnam Petition at Attachment III-1.

²⁴ See Volume III of the Petitions at III-4 and Exhibit III-2; see also Supplement to Vietnam Petition at Attachment III-1.

²⁵ See Volume III of the Petitions at III-4 and Exhibit III-3, and Supplement to Vietnam Petition at (Supp-III)-2, and Attachment III-4.

²⁶ See Volume III of the Petitions at Exhibit III-3.

²⁷ See *Steel Wire Garment Hangers From the People’s Republic of China: Preliminary Results and Preliminary Rescission, in Part, of the Second Antidumping Duty Administrative Review*, 76 FR 66903, 66910 (October 28, 2011) (citing Memorandum to the File through Catherine Bertrand, Program Manager, Office 9, from Bob Palmer, Case Analyst, Office 9 re: “Second Administrative Review of Steel Wire Garment Hangers from the People’s Republic of China: Surrogate Values for the Preliminary Results,” dated October 24, 2011, at 1, Exhibit 12, and Exhibit 13); see also, See Supplement to Vietnam Petition at (Supp-III)-1, and Attachment III-1.

²⁸ See Volume III of the Petitions at Exhibit III-3, Supplement to Vietnam Petition at Attachment III-8.

Central Electric Authority of the Government of India.²⁹

Petitioners determined water costs using the water consumption derived from one U.S. producer’s experience.³⁰ Petitioners valued water based on publically available information from the Maharashtra Industrial Development Corporation.³¹

Petitioners determined natural gas costs using the natural gas consumption rates derived from one U.S. producer’s experience.³² Petitioners valued natural gas costs using GTA import statistics.³³

Petitioners based factory overhead, selling, general and administrative (“SG&A”), and profit on data from Sterling Tools Limited (“Sterling”), an Indian producer of comparable merchandise.³⁴ Therefore, because Sterling is a producer of comparable merchandise, the Department finds that Petitioners’ use of Sterling’s financial ratios appropriate.³⁵

Petitioners determined packing material costs using the consumption rates derived from U.S. producers’ experience.³⁶ Petitioners valued packing materials using GTA India import statistics.³⁷

Thus, the Department determines that the surrogate values used by Petitioners are reasonably available and, thus, acceptable for purposes of initiation.

Taiwan

NV Based on Constructed Value (“CV”)

Petitioners used CV to estimate NV because home market or third country pricing was not reasonably available.³⁸ When such information is unavailable the Department may use CV to estimate NV. In accordance with section 773(e)(1) of the Act, Petitioners based constructed value on actual consumption of direct materials, direct

²⁹ See Supplement to Vietnam Petition at Attachment III-1.

³⁰ See Volume III of the Petitions at Exhibit III-3, Supplement to Vietnam Petition at Attachment III-8.

³¹ See Supplement to Vietnam Petition at Attachment III-1.

³² See Volume III of the Petitions at Exhibit III-3, Supplement to Vietnam Petition at Attachment III-8.

³³ See Volume III of the Petitions at Exhibit III-2 and Supplement to Vietnam Petition at Attachment III-6.

³⁴ See Volume III of the Petition at III-4 through III-5, Exhibit III-2, and Supplement to Vietnam Petition at Attachment III-2.

³⁵ See 19 CFR 351.408(4).

³⁶ See Volume III of the Petition, at Exhibit III-1, Supplement to Vietnam Petition at Attachment III-8.

³⁷ See Volume III of the Petitions at Exhibit III-2.

³⁸ Petitioners documented its attempts to obtain such information. See Volume II of the Petition at II-2.

¹⁹ See Volume III of the Petitions at III-2 through III-3.

²⁰ See Volume III of the Petitions at III-3 through III-4.

²¹ See Volume III of the Petitions at III-3 through III-4 and Exhibits III-2 and III-3, and Supplement to Vietnam Petition at (Supp-III)-4, Attachment III-3, and Attachment III-8.

²² See Volume III of the Petitions at III-4 and Exhibit III-2; see also Supplement to Vietnam Petition at Attachment III-5.

labor, energy, overhead, and general expenses, plus amounts for profit and packing, for several major types of steel wire garment hangers.³⁹

Petitioners assert that, according to the best available information, Taiwanese producers of hangers utilize similar production methods as U.S. producers to produce subject merchandise. As a result, Petitioners used the actual consumption rates of M&B Metal Products Inc., one of the Petitioners, to provide a reasonable basis from which to estimate the costs for the Taiwanese producers of hangers. No adjustments were made between Petitioners' production process and the process employed by Taiwanese producers because the production of steel wire garment hangers for both is very similar.⁴⁰ Petitioners calculated raw materials, labor, energy, and packing based on its own production experience using publically available data.⁴¹ Petitioners provided financial statements from China Steel Corporation, a Taiwanese manufacturer of steel products, for the calculation of factory overhead, SG&A and profit.⁴²

Fair Value Comparisons

Based on the data provided by Petitioners, there is reason to believe that imports of steel wire garment hangers from Vietnam and Taiwan are being, or are likely to be, sold in the United States at less than fair value. Based on a comparison of EPs and NV calculated, in accordance with section 773(c) of the Act, the estimated dumping margins for steel wire garment hangers from Vietnam range from 117.48 percent to 220.68 percent.⁴³ Based on a comparison of EPs and CV calculated in accordance with section 773(a)(4) of the Act, the estimated dumping margins for steel wire garment hangers from Taiwan range from 18.90 percent to 125.43 percent.⁴⁴

³⁹ See Taiwan AD Checklist at 7–8; see also Volume II of the Petition at II–2 through 4 and Exhibit II–1.

⁴⁰ See Taiwan AD Checklist at 7; see also Volume II of the Petition at II–3 and Exhibit II–1.

⁴¹ See Taiwan AD Checklist at 7–8; see also Volume II of the Petition at II–3 and Exhibit II–2 and Volume II Supplemental at Attachments II–2, II–3, and II–4.

⁴² See Taiwan AD Checklist at 8; see also Volume II of the Petition at II–3 through 4 and Exhibit II–2 and Volume II Supplemental at Attachments II–7 and Attachments II–8.

⁴³ See Vietnam AD Checklist at 9 and Appendix V.

⁴⁴ See Taiwan AD Checklist at 9 and Attachment V; see also Volume II of Petitions, at II–5, and Exhibit II–4, and Volume II Supplemental at (Supp II)–6, and Attachment II–10.

Initiation of Antidumping Investigations

Based upon the examination of the Petitions on steel wire garment hangers from Vietnam and Taiwan, the Department finds that the Petitions meet the requirements of section 732 of the Act. Therefore, we are initiating antidumping duty investigations to determine whether imports of steel wire garment hangers from Vietnam and Taiwan are being, or are likely to be, sold in the United States at less than fair value. In accordance with section 733(b)(1)(A) of the Act and 19 CFR 351.205(b)(1), unless postponed, we will make our preliminary determinations no later than 140 days after the date of these initiations.

Targeted Dumping Allegations

On December 10, 2008, the Department issued an interim final rule for the purpose of withdrawing 19 CFR 351.414(f) and (g), the regulatory provisions governing the targeted dumping analysis in antidumping duty investigations, and the corresponding regulation governing the deadline for targeted dumping allegations, 19 CFR 351.301(d)(5).⁴⁵ The Department stated that “[w]ithdrawal will allow the Department to exercise the discretion intended by the statute and, thereby, develop a practice that will allow interested parties to pursue all statutory avenues of relief in this area.”⁴⁶

In order to accomplish this objective, if any interested party wishes to make a targeted dumping allegation in either of these investigations pursuant to section 777A(d)(1)(B) of the Act, such allegations are due no later than 45 days before the scheduled date of the country-specific preliminary determination.

Respondent Selection and Quantity and Value Questionnaire

Vietnam

The Department will request quantity and value information from all known exporters and producers identified in the Petitions.⁴⁷ The quantity and value data received from Vietnamese exporters/producers will be used as the basis to select the mandatory respondents. The Department requires that the respondents submit a response to both the quantity and value questionnaire and the separate-rate application by the respective deadlines

⁴⁵ See *Withdrawal of the Regulatory Provisions Governing Targeted Dumping in Antidumping Duty Investigations*, 73 FR 74930 (December 10, 2008).

⁴⁶ See *id.*, at 74931.

⁴⁷ See Volume I of Petitions, at Exhibit I–8.

in order to receive consideration for separate-rate status.⁴⁸

In addition, the Department will post the quantity and value questionnaire along with the filing instructions on the Import Administration Web site (<http://ia.ita.doc.gov/ia-highlights-and-news.html>). Exporters and producers of steel wire garment hangers that do not receive quantity and value questionnaires but intend to submit a response can obtain a copy from the Import Administration Web site. The quantity and value questionnaire must be submitted by all Vietnamese exporters/producers no later than February 8, 2012, 21 days after the signature date of this **Federal Register** notice.

Taiwan

Following standard practice in AD investigations involving ME countries, the Department intends to select respondents based on U.S. Customs and Border Protection (“CBP”) data for U.S. imports under the HTSUS numbers 7326.20.0020 and 7323.99.908. We intend to release the CBP data under Administrative Protective Order (“APO”) to all parties with access to information protected by APO within five days of publication of this **Federal Register** notice and make our decision regarding respondent selection within 20 days of publication of this notice. The Department invites comments regarding the CBP data and respondent selection within seven days of publication of this **Federal Register** notice.

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305. Instructions for filing such applications may be found on the Department’s Web site at <http://ia.ita.doc.gov/apo>.

Separate Rates in the Vietnam Investigation

In order to obtain separate-rate status in NME investigations, exporters and producers must submit a separate-rate status application.⁴⁹ Based on our experience in processing the separate-

⁴⁸ See *Circular Welded Austenitic Stainless Pressure Pipe from the People’s Republic of China: Initiation of Antidumping Duty Investigation*, 73 FR 10221, 10225 (February 26, 2008); *Initiation of Antidumping Duty Investigation: Certain Artist Canvas From the People’s Republic of China*, 70 FR 21996, 21999 (April 28, 2005).

⁴⁹ See Policy Bulletin 05.1: Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries (April 5, 2005) (“Separate Rates and Combination Rates Bulletin”), available on the Department’s Web site at <http://ia.ita.doc.gov/policy/bull05-1.pdf>.

rate applications in previous antidumping duty investigations, we have modified the application for this investigation to make it more administrable and easier for applicants to complete.⁵⁰ The specific requirements for submitting the separate-rate application in this investigation are outlined in detail in the application itself, which will be available on the Department's Web site at <http://ia.ita.doc.gov/ia-highlights-and-news.html> on the date of publication of this initiation notice in the **Federal Register**. The separate-rate application will be due 60 days after publication of this initiation notice. For exporters and producers who submit a separate-rate status application and subsequently are selected as mandatory respondents, these exporters and producers will no longer be eligible for consideration for separate rate status unless they respond to all parts of the questionnaire as mandatory respondents. As noted in the "Respondent Selection" section above, the Department requires that Vietnam respondents submit a response to both the quantity and value questionnaire and the separate-rate application by the respective deadlines in order to receive consideration for separate-rate status. The quantity and value questionnaire will be available on the Department's Web site at <http://ia.ita.doc.gov/ia-highlights-and-news.html> on the date of the publication of this initiation notice in the **Federal Register**.

Use of Combination Rates in the Vietnam Investigation

The Department will calculate combination rates for certain respondents that are eligible for a separate rate in this investigation. The Separate Rates and Combination Rates Bulletin states:

{w}hile continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non-investigated firms receiving the weighted-average of the individually calculated rates. This practice is referred to as the application of "combination rates" because such rates apply to specific combinations of exporters and one or more

⁵⁰ See, e.g., *Initiation of Antidumping Duty Investigation: Certain New Pneumatic Off-the-Road Tires From the People's Republic of China*, 72 FR 43591, 43594–95 (August 6, 2007).

producers. The cash-deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question and produced by a firm that supplied the exporter during the period of investigation.⁵¹

Distribution of Copies of the Petitions

In accordance with section 732(b)(3)(A) of the Act and 19 CFR 351.202(f), copies of the public versions of the Petitions have been provided to the representatives of the Governments of Vietnam and Taiwan. Because of the large number of producers/exporters identified in the Petitions, the Department considers the service of the public version of the Petitions to the foreign producers/exporters satisfied by the delivery of the public versions of the Petitions to the Governments of Vietnam and Taiwan, consistent with 19 CFR 351.203(c)(2).

ITC Notification

We have notified the ITC of our initiations, as required by section 732(d) of the Act.

Preliminary Determinations by the ITC

The ITC will preliminarily determine, no later than February 12, 2012, whether there is a reasonable indication that imports of steel wire garment hangers from Vietnam and Taiwan are materially injuring, or threatening material injury to a U.S. industry. A negative ITC determination with respect to any country will result in the investigation being terminated for that country; otherwise, these investigations will proceed according to statutory and regulatory time limits.

Notification to Interested Parties

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305(b). On January 22, 2008, the Department published *Antidumping and Countervailing Duty Proceedings: Documents Submission Procedures; APO Procedures*, 73 FR 3634 (January 22, 2008). Parties wishing to participate in these investigations should ensure that they meet the requirements of these procedures (e.g., the filing of letters of appearance as discussed at 19 CFR 351.103(d)).

Any party submitting factual information in an AD/CVD proceeding must certify to the accuracy and completeness of that information.⁵² Parties are hereby reminded that revised certification requirements are in effect for company/government officials as well as their representatives in all

segments of any AD/CVD proceeding initiated on or after March 14, 2011.⁵³ The formats for the revised certifications are provided at the end of the *Interim Final Rule* and the *Supplemental Interim Final Rule*. The Department intends to reject factual submissions in any proceeding segments initiated on or after March 14, 2011, if the submitting party does not comply with the revised certification requirements.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: January 18, 2012.

Paul Piquado,

Assistant Secretary for Import Administration.

Appendix I—Scope of the Investigations

The merchandise subject to these investigations is steel wire garment hangers, fabricated from carbon steel wire, whether or not galvanized or painted, whether or not coated with latex or epoxy or similar gripping materials, and/or whether or not fashioned with paper covers or capes (with or without printing) and/or nonslip features such as saddles or tubes. These products may also be referred to by a commercial designation, such as shirt, suit, strut, caped, or latex (industrial) hangers.

Specifically excluded from the scope of these investigations are (a) wooden, plastic, and other garment hangers that are not made of steel wire; (b) steel wire garment hangers with swivel hooks; (c) steel wire garment hangers with clips permanently affixed; and (d) chrome plated steel wire garment hangers with a diameter of 3.4 mm or greater.

The products subject to these investigations are currently classified under U.S. Harmonized Tariff Schedule ("USHTS") subheadings 7326.20.0020 and 7323.99.9080. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise is dispositive.

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⁵³ See *Certification of Factual Information to Import Administration During Antidumping and Countervailing Duty Proceedings: Interim Final Rule*, 76 FR 7491 (February 10, 2011) ("Interim Final Rule") (amending 19 CFR 351.303(g)(1) & (2)), as supplemented by *Certification of Factual Information to Import Administration During Antidumping and Countervailing Duty Proceedings: Supplemental Interim Final Rule*, 76 FR 54697 (September 2, 2011) ("Supplemental Interim Final Rule").

⁵¹ See Separate Rates and Combination Rates Bulletin, at 6 (emphasis added).

⁵² See section 782(b) of the Act.

DEPARTMENT OF COMMERCE**International Trade Administration**

[C-552-813]

Steel Wire Garment Hangers From the Socialist Republic of Vietnam: Initiation of Countervailing Duty Investigation

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

DATES: *Effective Date:* January 25, 2012.

FOR FURTHER INFORMATION CONTACT: Robert Copyak or John Conniff, AD/CVD Operations, Office 3, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 482-2209 or (202) 482-1009, respectively.

SUPPLEMENTARY INFORMATION:**The Petition**

On December 29, 2011, the Department of Commerce (Department) received a countervailing duty (CVD) petition concerning imports of steel wire garment hangers from the Socialist Republic of Vietnam (Vietnam) filed in proper form by M&B Metal Products Company, Inc., Innovative Fabrication LLC/Innovative Fabrication LLC/Indy Hanger, and U.S. Hanger Company, LLC (collectively, Petitioners). See Petition for the Imposition of Antidumping Duties on Steel Wire Garment Hangers from Taiwan and the Social Republic of Vietnam and the Imposition of Countervailing Duties Against Steel Wire Garment Hangers from the Socialist Republic of Vietnam, dated December 29, 2011 (Petition).

On January 5, 2012, the Department issued a questionnaire requesting information and clarification of certain areas of the general issues and CVD sections of the Petition. Based on the Department's requests, Petitioners filed a supplement to the Petition regarding the CVD section on January 9, 2012, and the general issues on January 10, 2012.

In accordance with section 702(b)(1) of the Tariff Act of 1930, as amended (the Act), Petitioners allege that producers/exporters of steel wire garment hangers from Vietnam received countervailable subsidies within the meaning of sections 701 and 771(5) of the Act, and that imports from these producers/exporters materially injure, and threaten further material injury to, an industry in the United States.

The Department finds that Petitioners filed the Petition on behalf of the domestic industry because Petitioners

are interested parties, as defined in section 771(9)(C) of the Act, and have demonstrated sufficient industry support with respect to the investigation that it requests the Department to initiate. See "Determination of Industry Support for the Petition," below.

Period of Investigation

The period of investigation (POI) is January 1, 2011, through December 31, 2011.

Scope of the Investigation

The products covered by this investigation are steel wire garment hangers from Vietnam. For a full description of the scope of the investigation, see the "Scope of the Investigation," in Appendix I of this notice.

Comments on Scope of the Investigation

During our review of the Petition, we discussed the scope with Petitioners to ensure that it is an accurate reflection of the products for which the domestic industry is seeking relief. Petitioners submitted revised scope language on January 11, 2011.

As discussed in the preamble to the regulations, we are setting aside a period for interested parties to raise issues regarding product coverage. See *Antidumping Duties; Countervailing Duties*, 62 FR 27296, 27323 (May 19, 1997). The Department encourages interested parties to submit such comments by February 7, 2012, which is twenty calendar days from the signature date of this notice. All comments must be filed on the records of both the antidumping duty (AD) and CVD investigations. Comments must be filed electronically through Import Administration's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS), <http://iaaccess.trade.gov>, in accordance with 19 CFR 351.303. See *Antidumping and Countervailing Duty Proceedings: Electronic Filing Procedures; Administrative Protective Order Procedures*, 76 FR 39263 (July 6, 2011). The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determination.

Consultations

Pursuant to section 702(b)(4)(A)(ii) of the Act, on January 3, 2012, the Department invited representatives of the Government of Vietnam (GOV) for consultations with respect to the CVD Petition. On January 10, 2012, the Department held consultations with

representatives of the GOV. See Memorandum to the File, regarding "Consultations with Officials from the Government of Vietnam on the Countervailing Duty Petition Regarding Steel Wire Garment Hangers," dated January 11, 2012 (Consultations Memorandum).

Determination of Industry Support for the Petition

Section 702(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 702(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) At least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 702(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) Poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A); or (ii) determine industry support using a statistically valid sampling method to poll the industry.

Section 771(4)(A) of the Act defines the "industry" as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (see section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law. See *USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (CIT 2001) (citing *Algoma Steel Corp., Ltd. v. United States*, 688 F. Supp. 639, 644

(CIT 1988)), aff'd 865 F.2d 240 (Fed. Cir. 1989).

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation" (*i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, Petitioners do not offer a definition of domestic like product distinct from the scope of the investigation. Based on our analysis of the information submitted on the record, we have determined that steel wire garment hangers constitute a single domestic like product and we have analyzed industry support in terms of that domestic like product. For a discussion of the domestic like product analysis in this case, *see* Countervailing Duty Investigation Initiation Checklist: Steel Wire Garment Hangers from Vietnam (Vietnam CVD Checklist) at Attachment II, on file electronically in the Central Records Unit via IA ACCESS.

In determining whether Petitioners have standing under section 702(c)(4)(A) of the Act, we considered the industry support data contained in the Petition with reference to the domestic like product as defined in the "Scope of Investigation," in Appendix I of this notice. To establish industry support, Petitioners provided their production of the domestic like product in 2010, and compared their shipments to the estimated total production of the domestic like product for the entire domestic industry. To estimate total 2010 production of the domestic like product, Petitioners used their own data and industry specific knowledge. We have relied upon data Petitioners provided for purposes of measuring industry support. For further discussion, *see* Vietnam CVD Checklist at Attachment II.

Our review of the information provided in the Petition, supplemental submissions, and other information readily available to the Department indicates that Petitioners have established industry support. First, the Petition established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, the Department is not required to take further action in order to evaluate industry support (*e.g.*, polling). *See* section 702(c)(4)(D) of the

Act; *see also* Vietnam CVD Checklist at Attachment II. Second, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the Petition account for at least 25 percent of the total production of the domestic like product. *See* Vietnam CVD Checklist at Attachment II. Finally, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the Petition account for more than 50 percent of the shipments of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petition. *See* Vietnam CVD Checklist at Attachment II. Accordingly, the Department determines that the Petition was filed on behalf of the domestic industry within the meaning of section 702(b)(1) of the Act. *See* Vietnam CVD Checklist at Attachment II.

The Department finds that Petitioners filed the Petition on behalf of the domestic industry because they are interested parties as defined in section 771(9)(C) of the Act and they have demonstrated sufficient industry support with respect to the countervailing duty investigation they are requesting the Department initiate. *See* Vietnam CVD Checklist at Attachment II.

Injury Test

Because Vietnam is a "Subsidies Agreement country" within the meaning of section 701(b) of the Act, section 701(a)(2) of the Act applies to this investigation. Accordingly, the ITC must determine whether imports of the subject merchandise from Vietnam materially injure, or threaten material injury to, a U.S. industry.

Allegations and Evidence of Material Injury and Causation

Petitioners allege that imports of the subject merchandise are benefitting from countervailable subsidies and that such imports are causing, or threaten to cause, material injury to the U.S. industry producing the domestic like product. In addition, Petitioners allege that subject imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.

Petitioners contend that the industry's injured condition is illustrated by reduced market share, reduced shipments, reduced capacity, underselling and price depression or suppression, a decline in financial performance, lost sales and revenue, an

increase in import penetration, and threat of future injury. *See* Vietnam CVD Initiation Checklist at Attachment III, Analysis of Allegations and Evidence of Material Injury and Causation for the Petition Covering Steel Wire Garment Hangers from Taiwan and Vietnam. We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. *See* Vietnam CVD Initiation Checklist at Attachment III.

Initiation of Countervailing Duty Investigation

Section 702(b)(i) of the Act requires the Department to initiate a CVD proceeding whenever an interested party files a petition on behalf of an industry that: (1) Alleges the elements necessary for an imposition of a duty under section 701(a) of the Act; and (2) is accompanied by information reasonably available to the petitioner(s) supporting the allegations. The Department has examined the CVD Petition on garment hangers from Vietnam and finds that it complies with the requirements of section 702(b) of the Act. Therefore, in accordance with section 702(b) of the Act, we are initiating a CVD investigation to determine whether manufacturers, producers, or exporters of garment hangers in Vietnam receive countervailable subsidies. For a discussion of evidence supporting our initiation determination, *see* Initiation Checklist.

We are including in our investigation the following programs alleged in the Petition to have provided countervailable subsidies to producers and exporters of the subject merchandise in Vietnam:

Loan Program

- Preferential Lending to Exporters

Provision of Goods or Services for Less Than Adequate Remuneration (LTAR)

- Land Rent Reduction/Exemption for Foreign Invested Enterprises (FIEs)
- Land Rent Reduction/Exemption for Exporters
- Land Preferences for Enterprises in Encouraged Industries or Industrial Zones
- Provision of Water for LTAR in Industrial Zones
- Provision of Wire Rod for LTAR

Grant Program

- Grants under the Export Promotion Program

Tax Programs

- Income Tax Preferences for FIEs
- Income Tax Preferences for Enterprises in Industrial Zones
- Income Tax Refund for Reinvestment By FIEs
- Import Duty Exemptions on Imports of Goods for Encouraged Projects
- Import Duty Exemptions for Raw Materials for Exported Goods
- Import Duty Preferences for FIEs, Including Goods to Create Fixed Assets & Raw Materials¹

For a description of each of these programs, *see* the Petition. For discussion of the Department's decision to initiate an investigation of these programs, *see* Initiation Checklist.

Respondent Selection

For this investigation, the Department expects to select respondents based on U.S. Customs and Border Protection (CBP) data for U.S. imports during the POI. We intend to make our decision regarding respondent selection within 20 days of publication of this **Federal Register** notice. The Department will release CBP data under Administrative Protective Order shortly after the signature date of this notice. The Department invites comments regarding the CBP data and respondent selection to be submitted to the Department within seven calendar days of publication of this **Federal Register** notice.

Distribution of Copies of the Petition

In accordance with section 702(b)(4)(A)(i) of the Act and 19 CFR 351.202(f), a copy of the public version of the Petition has been provided to representatives of the GOV. Because of the large number of producers/exporters identified in the Petition, the Department considers the service of the public version of the Petition to the foreign producers/exporters satisfied by the delivery of the public version to the GOV, consistent with 19 CFR 351.203(c)(2).

ITC Notification

We have notified the ITC of our initiation, as required by section 702(d) of the Act.

Preliminary Determination by the ITC

The ITC will preliminarily determine, within 45 days after the date on which

the Petition was filed, whether there is a reasonable indication that imports of subsidized garment hangers from Vietnam are causing material injury, or threatening to cause material injury, to a U.S. industry. *See* section 703(a)(2) of the Act. A negative ITC determination will result in the investigation being terminated; otherwise, the investigation will proceed according to statutory and regulatory time limits.

Notification to Interested Parties

Interested parties must submit applications for disclosure under administrative protective orders in accordance with 19 CFR 351.305. On January 22, 2008, the Department published *Antidumping and Countervailing Duty Proceedings: Documents Submission Procedures; APO Procedures*, 73 FR 3634. Parties wishing to participate in this investigation should ensure that they meet the requirements of these procedures (*e.g.*, the filing of letters of appearance as discussed at 19 CFR 351.103(d)).

Any party submitting factual information in an AD or CVD proceeding must certify to the accuracy and completeness of that information. *See* section 782(b) of the Act. Parties are hereby reminded that revised certification requirements are in effect for company/government officials as well as their representatives in all segments of any antidumping duty or countervailing duty proceedings initiated on or after March 14, 2011. *See Certification of Factual Information to Import Administration during Antidumping and Countervailing Duty Proceedings: Interim Final Rule*, 76 FR 7491 (February 10, 2011) (*Interim Final Rule*) amending 19 CFR 351.303(g)(1) and (2). The formats for the revised certifications are provided at the end of the *Interim Final Rule*. *See also Certification of Factual Information To Import Administration During Antidumping and Countervailing Duty Proceedings: Supplemental Interim Final Rule*, 76 FR 54697 (September 2, 2011). The Department intends to reject factual submissions in any proceeding segments initiated on or after March 14, 2011, if the submitting party does not comply with the revised certification requirements.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: January 18, 2012.

Paul Piquado,

Assistant Secretary for Import Administration.

Appendix I—Scope of the Investigation

The merchandise subject to the investigation is steel wire garment hangers, fabricated from carbon steel wire, whether or not galvanized or painted, whether or not coated with latex or epoxy or similar gripping materials, and/or whether or not fashioned with paper covers or capes (with or without printing) and/or nonslip features such as saddles or tubes. These products may also be referred to by a commercial designation, such as shirt, suit, strut, caped, or latex (industrial) hangers.

Specifically excluded from the scope of the investigation are (a) wooden, plastic, and other garment hangers that are not made of steel wire; (b) steel wire garment hangers with swivel hooks; (c) steel wire garment hangers with clips permanently affixed; and (d) chrome-plated steel wire garment hangers with a diameter of 3.4mm or greater.

The products subject to the investigation are currently classified under *U.S. Harmonized Tariff Schedule* ("HTSUS") subheadings 7326.20.0020 and 7323.99.9080. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise is dispositive.

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¹Initially, Petitioners separately alleged the following three programs, Import Duty Preferences for FIEs, Import Duty Exemptions for FIEs Using Imported Goods to Create Fixed Assets, and Import Duty Exemption on Raw Materials for FIEs Operating in Designated Areas. In their January 9, 2012, filing Petitioners subsumed the two latter programs into the Import Duty Preferences for FIEs program.

APPENDIX B
CONFERENCE WITNESSES

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

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

Subject: Certain Steel Wire Garment Hangers from Taiwan and Vietnam

Inv. No.: 701-TA-487 and 731-TA-1197-1198 (Preliminary)

Date and Time: January 20, 2012 - 9:30 p.m.

Sessions were held in connection with the preliminary phase of these investigations in Courtroom B (Room 111), 500 E Street, S.W., Washington, D.C.

OPENING REMARKS:

Petitioner (**Frederick P. Waite**, Vorys, Sater, Seymour and Pease LLP)

Respondents (**Jeffrey S. Neeley**, Barnes, Richardson and Colburn)

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

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

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

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

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

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

Cathy J. Cronin, Controller and Secretary/Treasurer,
M&B Metal Products Company, Inc.

Roger Crowder, President, Innovative Fabrication LLC/
Indy Hanger

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

Frederick P. Waite)
Kimberly R. Young) – OF COUNSEL
Sutton A. Meagher)

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

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

JL Imports, LLC; South East Asia Hamico
Export Joint Stock Corporation; Linh Sa Hamico
Company Limited; Triloan Hangers Inc.;
H212 Dry Cleaning Supply Inc.; Tan Dinh
Enterprise; and Infinite Industrial Hanger Limited

James Lim, President, TJ Company, Ltd., Tan Dinh
Enterprise and Infinite Industrial Hanger, Ltd.

Joseph Pereira, Consultant and Manufacturers’
Representative, Triloan Hanger, Inc.

Hua Trinh, Manufacturers’ Representative, Linh
Sa Hamico Company, Ltd. and South East
Asia Hamico Export JSC

Ngheim Tran, Consultant, Fabricare Choice

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

A. Joel Goldman, Partner, JL Imports

Jeffrey S. Neeley)
) – OF COUNSEL
Michael S. Holton)

CLOSING REMARKS:

Petitioner (**Frederick P. Waite**, Vorys, Sater, Seymour
and Pease LLP)

Respondents (**Jeffrey S. Neeley**, Barnes, Richardson & Colburn)

APPENDIX C
SUMMARY DATA

Table C-1

Garment hangers: Summary data concerning the U.S. market, 2008-10, January-September 2010, and January-September 2011

(Quantity=1,000 hangers, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per 1,000 hangers; period changes=percent, except where noted)

Item	Reported data					Period changes			
	2008	2009	2010	January-September 2010	2011	2008-10	2008-09	2009-10	Jan.-Sept. 2010-11
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
Taiwan	***	***	***	***	***	***	***	***	***
Vietnam	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
Taiwan	***	***	***	***	***	***	***	***	***
Vietnam	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
Taiwan:									
Quantity	24,352	331,678	334,145	277,408	54,809	1272.1	1262.0	0.7	-80.2
Value	1,850	12,102	13,052	10,629	2,404	605.5	554.1	7.9	-77.4
Unit value	\$75.97	\$36.49	\$39.06	\$38.31	\$43.87	-48.6	-52.0	7.1	14.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Vietnam:									
Quantity	93,977	426,551	823,897	607,482	733,120	776.7	353.9	93.2	20.7
Value	4,637	18,316	30,194	22,143	28,852	551.2	295.0	64.9	30.3
Unit value	\$49.34	\$42.94	\$36.65	\$36.45	\$39.36	-25.7	-13.0	-14.7	8.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal:									
Quantity	118,330	758,229	1,158,042	884,890	787,929	878.7	540.8	52.7	-11.0
Value	6,487	30,417	43,246	32,772	31,256	566.7	368.9	42.2	-4.6
Unit value	\$54.82	\$40.12	\$37.34	\$37.03	\$39.67	-31.9	-26.8	-6.9	7.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	2,535,313	1,300,206	748,400	580,953	767,368	-70.5	-48.7	-42.4	32.1
Value	104,087	46,316	29,488	22,482	31,229	-71.7	-55.5	-36.3	38.9
Unit value	\$41.05	\$35.62	\$39.40	\$38.70	\$40.70	-4.0	-13.2	10.6	5.2
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	2,653,643	2,058,434	1,906,443	1,465,843	1,555,297	-28.2	-22.4	-7.4	6.1
Value	110,573	76,733	72,734	55,254	62,486	-34.2	-30.6	-5.2	13.1
Unit value	\$41.67	\$37.28	\$38.15	\$37.69	\$40.18	-8.4	-10.5	2.3	6.6
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers:									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (hangers/hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (1)	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

APPENDIX D
NONSUBJECT COUNTRY PRICE DATA

Table D-1

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported Product 1 and margins of underselling/(overselling), by quarters, January 2008-September 2011

* * * * *

Table D-2

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported Product 2 and margins of underselling/(overselling), by quarters, January 2008-September 2011

* * * * *

Table D-3

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported Product 3 and margins of underselling/(overselling), by quarters, January 2008-September 2011

* * * * *

Table D-4

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported Product 4 and margins of underselling/(overselling), by quarters, January 2008-September 2011

* * * * *

Table D-5

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported Product 5 and margins of underselling/(overselling), by quarters, January 2008-September 2011

* * * * *

Figure V-1

Weighted-average prices and quantities of domestic and imported SWG hangers, by quarters, January 2008-September 2011

* * * * *

