

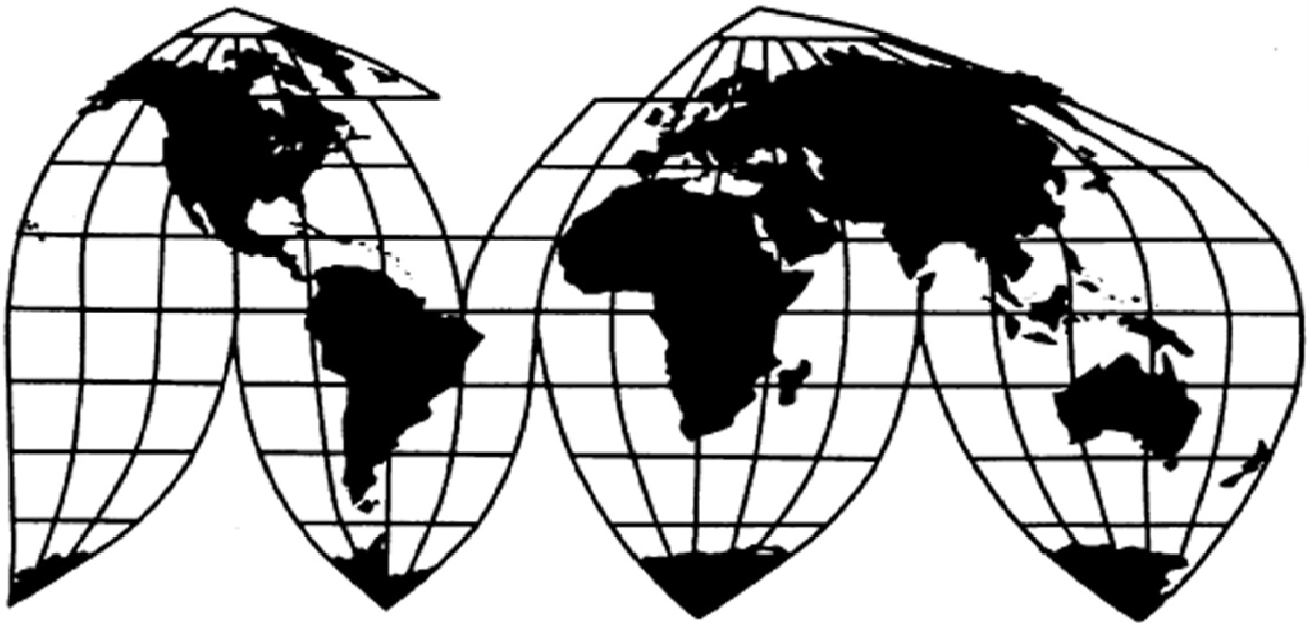
Steel Wire Garment Hangers From China

Investigation No. 731-TA-1123 (Preliminary)

Publication 3951

October 2007

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1123 (Preliminary)

STEEL WIRE GARMENT HANGERS FROM CHINA

DETERMINATION

On the basis of the record¹ developed in the subject investigation, the United States International Trade Commission (Commission) determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 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 China of steel wire garment hangers, provided for in statistical reporting number 7326.20.0020 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value.

COMMENCEMENT OF FINAL PHASE INVESTIGATION

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigation. 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 an affirmative preliminary determination in this investigation under section 733(b) of the Act, or, if the preliminary determination is negative, upon notice of an affirmative final determination in the investigation under section 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigation need not enter a separate appearance for the final phase of the investigation. 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 investigation.

BACKGROUND

On July 31, 2007, a petition was filed with the Commission and Commerce by M&B Metal Products Company, Inc. on behalf of the domestic industry that produces steel wire garment hangers, alleging that an industry in the United States is materially injured or threatened with material injury by reason of less-than-fair-value imports of steel wire garment hangers from China. Accordingly, effective July 31, 2007, the Commission instituted antidumping duty investigation No. 731-TA-1123 (Preliminary).

Notice of the institution of the Commission's investigation 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 August 10, 2007 (72 FR 45069). The conference was held in Washington, DC, on August 21, 2007, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

VIEWS OF THE COMMISSION

Based on the record in the preliminary phase of this investigation, 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” or “hangers”) from the People’s Republic of China (“China”) that are allegedly sold in the United States at less than fair value.

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping and countervailing duty determinations requires the U.S. International Trade Commission (“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, threatened with material injury, or whether the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports. 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.”¹

II. BACKGROUND

The petition in this investigation was filed on July 31, 2007, by M&B Metal Products Company, Inc. (“M&B”).² An association of Chinese companies called the China Chamber of Commerce for Importers/Exporters of Light Industrial Products & Arts-Crafts³ (“Chinese Respondents”) opposed the petition. Counsel for the Chinese Respondents participated at the staff conference and submitted a postconference brief. Laidlaw Company LLC (“Laidlaw”) and United Wire Hanger Corporation (“United Wire”), both former U.S. producers that currently import SWG hangers from China, also opposed the petition, participated at the staff conference, and filed a postconference brief.

On November 27, 2002, CHC Industries, Inc., M&B, and United Wire, all then producers of SWG hangers, filed a petition pursuant to Section 421 of the Trade Act of 1974 (“section 421”). On January 27, 2003, the Commission unanimously determined that SWG hanger imports from China were causing market disruption and that these rapidly increasing imports from China were a significant cause of material injury to the domestic industry.⁴ Accordingly, on February 5, 2003, the Commission majority recommended a remedy consisting of an additional duty on imports of SWG hangers from China for a three-year period, beginning at 25 percent *ad valorem* in the first year, decreasing to 20 percent *ad*

¹ 19 U.S.C. §§ 1671b(a), 1673b(a); *see also, e.g., Co-Steel Raritan, Inc. v. United States*, 357 F.3d 1294 (Fed. Cir. 2004); *American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chemical Corp. v. United States*, 20 CIT 353, 354 (1996).

² M&B accounted for approximately *** percent of reported U.S. production of SWG hangers in 2006 and virtually all current production. Confidential Staff Report (“CR”), INV-EE-128, as revised by memorandum INV-EE-130 and supplemented by memorandum INV-EE-132, at Table III-1; Public Staff Report (“PR”) at Table III-1.

³ The China Chamber of Commerce for Importers/Exporters of Light Industrial Products & Arts-Crafts reports its members as consisting of the following Chinese companies: Shaoxing Guochao Metallic Products Co., Ltd.; Shaoxing Liangbao Metal Products Co., Ltd.; Shaoxing Shun Ji Metal Clotheshorse Co.; Shaoxing Dingli Metal Clothes Horse Co., Ltd.; Shaoxing Gangyuan Metal Manufacture Co.; Shangyu Baoxiang Metal Manufacture Co.; Shaoxing Tongzhou Metal Manufacture Co.; Shaoxing Andrew Metal Manufacture Co.; Shaoxing Zhangbao Metal Manufacture Co.; Pujiang County Command Metal Products Co.; and Ningbo Dasheng Hanger Co.

⁴ *See Certain Steel Wire Garment Hangers from China*, Inv. No. TA-421-2, USITC Pub. 3575 (Feb. 2003) (“USITC Pub. 3575”) at I-3.

valorem in the second year, and ending at 15 percent *ad valorem* in the third year.⁵ On April 25, 2003, the President declined to impose duties, citing “a strong possibility that if additional tariffs on Chinese wire hangers were imposed, production would simply shift to third countries, which could not be subject to section 421’s China-specific restrictions.”⁶

III. DOMESTIC LIKE PRODUCT

A. In General

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.”⁷ Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Act”), defines the relevant domestic industry as the “producers as a {w}hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”⁸ In turn, the Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation”⁹

The determination regarding the appropriate domestic like product(s) in an investigation is a factual one, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.¹⁰ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.¹¹ The Commission looks for clear dividing lines among possible like products and disregards minor variations.¹² Although the Commission must accept the determination of the U.S. Department of Commerce (“Commerce”) as to the scope of the imported merchandise that is allegedly sold at less than fair value,¹³ the Commission determines what domestic product is like the imported articles Commerce has

⁵ Id.

⁶ 68 Fed. Reg. 82 (April 29, 2003), Presidential Determination on Wire Hanger Imports from the People’s Republic of China, April 25, 2003.

⁷ 19 U.S.C. § 1677(4)(A).

⁸ 19 U.S.C. § 1677(4)(A).

⁹ 19 U.S.C. § 1677(10).

¹⁰ See, e.g., 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: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996).

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

¹² Nippon, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249 at 90-91 (Congress has indicated that the like product standard should not be interpreted in “such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not ‘like’ each other, nor should the definition of ‘like product’ be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.”).

¹³ See, e.g., USEC, Inc. v. United States, Slip Op. 01-1421 at 9 (Fed. Cir. Apr. 25, 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).

identified.¹⁴ The Commission must base its domestic like product determination on the record in this investigation. The Commission is not bound by prior determinations, even those pertaining to the same imported products, but may draw upon previous determinations in addressing pertinent like product issues.¹⁵

B. Product Description

In its notice of initiation, Commerce indicated that the imported merchandise subject to this investigation consists of SWG hangers, defining SWG hangers specifically as:

fabricated from carbon steel wire, whether or not galvanized or painted, whether or not coated with latex or epoxy or similar gripping materials, and/or whether or not fashioned with paper covers or capes (with or without printing) and/or nonslip features such as saddles or tubes. These products may also be referred to by a commercial designation, such as shirt, suit, strut, caped, or latex (industrial) hangers. Specifically excluded from the scope of this investigation are wooden, plastic, and other garment hangers that are classified under separate subheadings of the Harmonized Tariff Schedule of the United States (“HTSUS”).¹⁶

SWG hangers are used by the dry cleaning, industrial laundry, textile, and uniform rental industries. The four most common varieties of dry cleaning hangers are caped hangers, shirt hangers, suit hangers, and strut hangers.¹⁷ 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.¹⁸ This paper “strut” is typically coated with a nonslip material to prevent the garment from falling off the hanger. The basic shirt hanger is produced using a lighter gauge wire and is normally painted white.¹⁹ The suit hanger has the same basic shape, but it is manufactured using a wire gauge that can support the weight of a suit and is usually painted with a gold-colored paint. Despite some differences in finishes and paper accessories, all of these hangers share the same basic configuration, characteristics, and end use.²⁰ 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 produced from heavier gauge wire to support the weight of newly washed textiles and uniforms.

¹⁴ Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-52 (affirming the Commission’s determination of six like products in investigations where Commerce found five classes or kinds).

¹⁵ See, e.g., Acciai Speciali Terni S.p.A. v. United States, 118 F. Supp. 2d 1298, 1304-05 (Ct. Int’l Trade 2000); Nippon, 19 CIT at 455; Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169 n.5 (Ct. Int’l Trade 1988); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1087-88 (Ct. Int’l Trade 1988).

¹⁶ Initiation of Antidumping Investigation, 72 Fed. Reg. 52855 (September 17, 2007).

¹⁷ CR at I-6, PR at I-5.

¹⁸ CR at I-6, PR at I-5.

¹⁹ CR at I-6, PR at I-5.

²⁰ CR at I-6, PR at I-5.

Industrial laundries and uniform rental companies typically require a more substantial gauge hanger in a consistent shape to fit their high-speed processing equipment.²¹

C. Analysis

Petitioner M&B asks the Commission to define a single domestic like product co-extensive with the scope of this investigation that includes all SWG hangers.²² Respondents do not dispute petitioner's proposed definition of the domestic like product.

In the section 421 investigation, the Commission defined a single domestic like product, co-extensive with the scope of that investigation, that encompassed different types of SWG hangers (*i.e.*, shirt, strut, suit, and caped hangers).²³ The Commission found that the various types of hangers were part of a continuum of hanger products and were one like product. The various types and styles of domestic SWG hangers all had the same physical attributes in terms of appearance and materials (although there were some differences in paper accessories) and were largely made by the same firms, in the same plants, and on the same equipment using the same production processes; were used for the same end uses and by the same end users; and were sold through the same marketing channels.²⁴

The Commission must base its domestic like product determination on the record in each investigation.²⁵ Further, findings made pursuant to other statutes, including section 201 of the Trade Act of 1974 and Section 421 of the Trade Act of 1974 are given little weight in investigations and reviews under Title VII of the Tariff Act of 1930 due to the different provisions, purposes, and legislative histories of those other statutory schemes.²⁶ While we are thus not bound by the earlier like product determination in the section 421 investigation, the record in this investigation, as explained below, supports finding a single like product co-extensive with the scope of this investigation.

Physical Characteristics and End Uses. Although there are some differences in the different types of SWG hangers, all are made from steel wire. Most (an estimated 85 percent) are used by dry cleaners for garments, while uniform rental companies also purchase hangers for their uniforms and use a steel hanger coated with latex.²⁷

Interchangeability. There appear to be some limitations in interchangeability among various types of SWG hangers, as shirt hangers are used for shirts, suit hangers for suits, and latex hangers for uniforms.²⁸

²¹ CR at I-6, PR at I-5.

²² M&B's Postconference Brief at 7.

²³ USITC Pub. 3575 at 7-9.

²⁴ USITC Pub. 3575 at 8.

²⁵ The Commission is not bound by prior determinations concerning even the same imported product. *Acciai Speciali Terni S.p.A v. United States*, 118 F. Supp.2d 1298, 1304-1305 (Ct. Int'l Trade 2000). Congress intended that Commission determinations be *sui generis* because of its concerns regarding the differing competitive conditions between one industry and another, e.g., S. Rep. No. 249, 96th Cong., 1st Sess. 88-89 (1979), and its concerns that the Commission consider, in each case, the conditions of competition present at the time for the industry at issue, e.g., S. Rep. No. 71, 100th Cong., 1st Sess. 117 (1987).

²⁶ See, e.g., *Circular Welded Carbon-Quality Steel Pipe from China*, Inv. Nos. 701-TA-447 and 731-TA-1116 (Preliminary), USITC Pub. 3938 (July 2007) at 4, n. 7 (and authorities cited therein).

²⁷ CR at I-6 to I-7, PR at I-5; Conference transcript ("Tr.") at 23.

²⁸ CR at I-6, PR at I-5.

Channels of Distribution. SWG hangers of different types share common channels of distribution. They have typically been sold to distributors, although they are increasingly being sold directly to end users.²⁹

Manufacturing Facilities, Production Processes, and Employees. The record indicates that the various types of SWG hangers share the same basic production process and employees until the final step, when a strut, cape, or latex coating may be added to the hanger.³⁰

Producer and Customer Perceptions. While record evidence is limited, it indicates that producers and importers of SWG hangers all view SWG hangers as falling within the same basic product category.³¹

Price. The different types of SWG hangers are priced on a continuum based upon the specific type of hanger; prices range from approximately \$30 to \$60 per 1,000 SWG hangers.³²

D. Conclusion

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

IV. DOMESTIC INDUSTRY

A. In General

The domestic industry is defined as the domestic “producers as a {w}hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”³³ 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.

There were at least eight known U.S. producers of SWG hangers during the period of investigation, which covers January 2004 through June 2007: M&B, Ganchos N.V., Laidlaw Company LLC, Metro Supply Co., Nagel Manufacturing and Supply Co., Navisa Hanger Manufacturing, Inc., Shanti Industries, and United Wire.³⁴ Based on our definition of the domestic like product, we define the domestic industry, for purposes of the preliminary phase of this investigation, as all U.S. producers of SWG hangers, subject to our consideration of related parties under 19 U.S.C. § 1677(4)(B).

²⁹ CR at II-2, PR at II-1.

³⁰ See CR at I-7 to I-8, PR at I-6; CR/PR at Fig. I-2.

³¹ M&B’s Postconference Brief at 7.

³² See CR/PR at Tables III-5 and V-1 through V-7.

³³ 19 U.S.C. § 1677(4)(A).

³⁴ Producers East West Enterprises and Rocky Mountain Hanger Manufacturing have ceased production. CR at I-3 n.3, PR at I-2 n.3.

B. Related Parties

1. In General

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 19 U.S.C. § 1677(4)(B). Subsection 1677(4)(B) allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or that are themselves importers.³⁵ Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.³⁶

Of the eight known U.S. producers, three companies, including petitioner M&B, imported SWG hangers from China during the period of investigation.³⁷ According to M&B, no domestic producers should be excluded from the definition of the domestic industry, because all three companies that imported SWG hangers from China were also significant producers of SWG hangers during the period of investigation.³⁸ Respondents did not address exclusion of any related party from the industry under the related parties provision.³⁹

³⁵ 19 U.S.C. § 1677(4)(B).

³⁶ The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e.*, whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market, and (3) the position of the related producer vis-a-vis the rest of the industry, *i.e.*, whether inclusion or exclusion of the related party will skew the data for the rest of the industry. See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interest of the related producer lies in domestic production or importation. These latter two considerations were cited as appropriate factors in Allied Mineral Products, Inc. v. United States, —F. Supp. 2d—, Slip Op. 04-139 (Ct. Int'l Trade November 12, 2004) at 5-6 (“The most significant factor considered by the Commission in making the ‘appropriate circumstances’ determination is whether the domestic producer accrued a substantial benefit from its importation of the subject merchandise.”); USEC, Inc. v. United States, 132 F. Supp. 2d 1, 12 (Ct. Int'l Trade 2001) (“the provision’s purpose is to exclude from the industry headcount domestic producers substantially benefitting from their relationships with foreign exporters.”), aff'd, Slip Op. 01-1421 (Fed. Cir. April 22, 2002); S. Rep. No. 249, 96th Cong. 1st Sess. at 83 (1979) (“where a U.S. producer is related to a foreign exporter and the foreign exporter directs his exports to the United States so as not to compete with his related U.S. producer, this should be a case where the ITC would not consider the related U.S. producer to be a part of the domestic industry”).

³⁷ See, e.g., CR/PR at Table III-7.

³⁸ M&B's Postconference Brief at 9-13.

³⁹ The Chinese Respondents argued that it would be inconsistent for Commerce to exclude consideration of Laidlaw as a related party for purposes of its determination on standing and for the Commission to then include Laidlaw in the definition of the industry for purposes of determining material injury. Chinese Respondents' Brief at 4-5. The SAA clearly states “Commerce and the Commission utilize section 771(4)(B) for different purposes: Commerce to eliminate any conflicts of interest that may distort its consideration of the level of industry support [and] the Commission to reduce any distortion in industry data caused by the inclusion in the domestic industry of a related producer who is being shielded from the effects of the subject imports. For this reason, each agency will have discretion to apply the provision . . . even where this may lead to somewhat different results” SAA at 858. Accordingly, we are not bound by Commerce's definition of the domestic industry and base our determination on the record before us in this investigation.

2. Analysis

M&B Metal Products Co.

Petitioner M&B indicates that it has imported Chinese SWG hangers in order to remain competitive with low-priced imports.⁴⁰ It states that it remains committed to domestic production of SWG hangers in the United States and maintains that it still produces significant quantities of SWG hangers.⁴¹ M&B's ratio of subject imports to domestic production never exceeded *** percent during the period, declining from *** percent in 2004 to *** percent in 2005 before increasing to *** percent in 2006.⁴² It remains primarily a producer rather than an importer of SWG hangers. Its financial data do not reveal any clear benefit from its imports.^{43 44 45} Finally, we note that M&B also was a petitioner in the section 421 investigation on SWG hangers, indicating that its primary interest has been in domestic production since the beginning of the period of investigation. For these reasons, we do not find that appropriate circumstances exist in this preliminary investigation to exclude M&B from the definition of the domestic industry.

⁴⁰ M&B's Postconference Brief at 9. This explanation is consistent with M&B's statement in the related section 421 investigation. See USITC Pub. 3575 at 21, I-11.

⁴¹ M&B's Postconference Brief at 9.

⁴² See CR/PR at Table III-6. The ratio of subject imports to domestic production was *** percent in interim 2006 and *** percent in interim 2007.

⁴³ See CR/PR at Table VI-2.

⁴⁴ Consistent with her practice in past investigations and reviews, Vice Chairman Shara L. Aranoff does not rely on individual-company operating income margins in assessing whether a related party has benefitted from importation of subject merchandise. Rather, she determines whether to exclude a related party based principally on its ratio of subject imports to domestic shipments and whether its primary interests lie in domestic production or importation.

⁴⁵ For purposes of this preliminary investigation, Commissioner Pinkert does not rely upon related parties' financial performance as a factor in determining whether there are appropriate circumstances to exclude them from the domestic industry and relies instead on other information relevant to this issue. The present record is not sufficient to infer from the related parties' profitability on U.S. operations that they have derived a specific benefit from importing or from their relationships to foreign producers. See Allied Mineral Products, Slip Op. 04-139, at 8. For the final investigation, Commissioner Pinkert invites the parties to provide any information they may have with respect to whether related parties are benefitting financially from their status as related parties.

United Wire is a respondent in this investigation and opposes the petition. In addition, United Wire currently is an importer of SWG hangers from China.⁴⁷ However, during most of the period of investigation, United Wire was a domestic producer of SWG hangers.⁴⁸ It did not begin to import subject merchandise until *** and only ceased production of SWG hangers in June of 2006.⁴⁹ Moreover, while United Wire ***, (1) *** was relatively small in those years (never exceeding *** percent),⁵⁰ (2) there is no information that United Wire ***, and (3) it did not ***, when United Wire closed its U.S. facility and ***.⁵¹ Finally, while United Wire opposes the petition in this investigation, it was a petitioner in the section 421 investigation in 2002-2003, indicating that its primary interest was in domestic production at least at the beginning of the period of investigation, which is borne out by its complete lack of subject imports in 2004 and 2005.⁵² Indeed, even though it reported importing subject merchandise in the earlier investigation, it claimed it had done so to remain competitive in the market.⁵³ Its financial data also do not reveal any clear benefit from either its imports or purchases.⁵⁴ On balance, because of its emphasis on domestic production during the period of investigation, we find that it is not appropriate to exclude United Wire from the domestic industry as a related party. We intend to consider this issue further in any final phase of this investigation.

⁴⁶ Commissioners Williamson and Pinkert do not join in the discussion regarding United Wire and Laidlaw. They determine that, for purposes of this preliminary phase of the investigation, the circumstances are not appropriate to exclude either United Wire or Laidlaw from the domestic industry. Both companies were significant producers of the domestic like product during the period of investigation, together accounting for *** percent of domestic production in 2004. CR/PR at Table III-3. Each company's domestic production substantially *** of the period of investigation, as imports from China increased significantly, until both discontinued domestic production and became exclusively importers of subject imports by the end of the period. *Id.* Excluding these companies that exited the industry during the period of investigation would significantly alter the data examined by the Commission and mask the effects of the subject imports on the domestic industry as a whole.

Just as importantly, United Wire and Laidlaw *** of the industry's condition. Thus, it appears that they were not shielded from the adverse impact of the subject imports, but were affected by the subject imports in the same manner as the domestic industry as a whole, and their decision to shift to importation largely resulted from the impact of the rapidly increasing imports from China. CR/PR at Table III-6 (footnotes excerpting statements at the staff conference and in domestic producers' questionnaire responses). Under these circumstances and for purposes of this preliminary investigation, neither the degree to which Laidlaw and United Wire shifted to importation during the period of investigation, nor any benefit that they enjoyed as a consequence of such importation, provides an adequate basis for excluding them from the domestic industry.

Commissioners Williamson and Pinkert note that the trends in the trade data for the industry they have defined (all domestic producers) are similar to those for the industry as defined by the majority (excluding Laidlaw). Moreover, the financial indicators are identical, as Laidlaw did not submit usable financial data.

⁴⁷ Laidlaw and United Wire's Postconference Brief at 1.

⁴⁸ *See* CR/PR at Table III-6.

⁴⁹ CR/PR at Table III-6.

⁵⁰ CR/PR at Table III-6.

⁵¹ Even during the entirety of 2006, its *** was only *** percent.

⁵² USITC Pub. 3575 at I-1.

⁵³ *See* USITC Pub. 3575 at 21, I-11.

⁵⁴ CR/PR at Table VI-2.

Laidlaw Company LLC

Laidlaw is a respondent in this investigation, and opposes the petition.⁵⁵ While Laidlaw was the *** U.S. producer of SWG hangers in 2004 and still accounted for over *** of domestic production in 2006,⁵⁶ it has *** its importation of hangers from China each year of the period of investigation and it accounted for nearly *** of total imports of SWG hangers from China in 2006. Its ratio of subject imports to domestic production *** from *** percent in 2004 to *** percent in 2006 and was *** percent in the 2006 interim period and *** percent in the 2007 interim period.⁵⁷

Throughout the period of investigation, Laidlaw closed domestic production facilities in favor of importation – it closed its Delaware and Baltimore, MD facilities and reduced production and jobs at its Illinois facility in 2004; it closed its Kingman, AZ facility in 2005; and it closed its Ontario and Illinois facilities and sold its Wisconsin facility in 2006.⁵⁸ Laidlaw closed its last U.S. production facility in January 2007, and it is now exclusively an importer of SWG hangers from China.⁵⁹ Unlike United Wire, however, Laidlaw focused on importation of subject merchandise years before the beginning of the period of investigation.⁶⁰ In the section 421 investigation in 2002-03, Laidlaw opposed relief even though it was one of the largest domestic producers, indicating its interest was shifting toward importation as early as the beginning of the period of investigation.⁶¹ Laidlaw’s opposition to relief in the section 421 investigation was based in part on its business strategy, which at the time was one of supplying the market through domestic production and importation.⁶² Indeed, the President denied relief to the industry in the section 421 investigation in part because Laidlaw’s strategy was “based in part on distribution of imported hangers.”^{63 64}

On balance, because Laidlaw has long had a business strategy of supplying its customers *** through U.S. production and *** through importation, and its interest changed during the period of investigation to that of an importer rather than a U.S. producer, we find it appropriate to exclude Laidlaw from the domestic SWG hanger industry as a related party. We intend, however, to consider the issue further in any final phase of this investigation.

3. Conclusion

M&B and United Wire were primarily focused on domestic production during the period of investigation. However, for purposes of the preliminary phase of this investigation, we find that it is appropriate to exclude Laidlaw from the domestic industry because of its primary emphasis on importing the subject product during the period of investigation. In any final phase of this investigation, we intend

⁵⁵ Laidlaw and United Wire’s Postconference Brief at 1.

⁵⁶ CR/PR at Table III-1

⁵⁷ CR/PR at Table III-6.

⁵⁸ CR/PR at Table III-2.

⁵⁹ CR/PR at Tables III-2, III-6. See also M&B’s Postconference Brief at 12.

⁶⁰ USITC Pub. 3575 at 18, 21 n.117.

⁶¹ USITC Pub. 3575 at 27-28.

⁶² USITC Pub. 3575 at 29.

⁶³ Presidential Determination on Wire Hanger Imports from the People’s Republic of China, 68 Fed Reg. 23019 (Apr. 29, 2003).

⁶⁴ Although Laidlaw provided a questionnaire response, it was unable to segregate financial information for its U. S. production operations and its distribution of subject imports. CR at VI-1 n.1, PR at VI-1 n.1. As a result, while the Staff Report includes trade data and pricing and related information for Laidlaw, it contains no financial information for Laidlaw.”

to explore the degree to which U.S. producers have changed their emphasis from domestic production to importing subject merchandise.

V. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS⁶⁵

In the preliminary phase of antidumping or countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the imports under investigation.⁶⁶ 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.⁶⁷ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁶⁸ 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.⁶⁹ 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.”⁷⁰

For the reasons stated below, we determine that there is a reasonable indication that the domestic industry producing SWG hangers is materially injured by reason of subject imports from China.

A. 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. Given the wide variety of customers, we find that, unlike some other industries, the SWG hangers market is not characterized by a regular and measurable business cycle.

1. Demand Considerations

An estimated 85 percent of SWG hangers are used by dry cleaners.⁷¹ Questionnaire data indicate that SWG hangers account for between 1 and 2 percent of the total cost of the end use products to which

⁶⁵ Negligibility is not an issue in this investigation under 19 U.S.C. § 1677(24). The petition was filed on July 31, 2007. Subject imports from China accounted for 87.7 percent of total imports of SWG hangers for the most recent 12-month period (June 2006-July 2007) for which data were available that preceded the filing of the petition. CR at IV-7, PR at IV-7.

⁶⁶ 19 U.S.C. §§ 1671b(a) and 1673b(a).

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

⁶⁸ 19 U.S.C. § 1677(7)(A).

⁶⁹ 19 U.S.C. § 1677(7)(C)(iii).

⁷⁰ 19 U.S.C. § 1677(7)(C)(iii).

⁷¹ See, e.g., CR at II-7, PR at II-5.

they are applied, suggesting that demand for dry cleaning is not affected by prices of SWG hangers.⁷² Apparent U.S. consumption of SWG hangers fell slightly from 2004 to 2006.⁷³

2. Supply Considerations

There are three primary sources of supply in the U.S. market: imports of subject merchandise from China, nonsubject imports from Mexico, and domestic shipments.⁷⁴ In terms of apparent U.S. consumption, the volume of subject imports dramatically increased over the period of investigation,⁷⁵ but nonsubject imports held a relatively steady share of the market.⁷⁶ Shipments by domestic producers and domestic producers' market share both declined.⁷⁷

Over the period for which data were collected, U.S. importers reported selling most of their product to distributors of SWG hangers, but sales to distributors decreased substantially from 2004 to 2006, when U.S. producers reported selling only 31.9 percent of their product to distributors.⁷⁸

The period of investigation was marked by bankruptcies and the shuttering of much of the domestic industry's capacity as subject imports increased. In 2003, CHC Industries, Inc. filed for bankruptcy, liquidated its assets and terminated its 325 employees.⁷⁹ In 2004, U.S. Hanger shut down its domestic production. M&B closed its South Hill, VA plant and terminated 67 employees.⁸⁰ United Wire also terminated 100 employees that year before ceasing domestic production and terminating another *** employees in 2006.⁸¹

The result of these closings and layoffs was that U.S. capacity fell from *** hangers in 2004 to *** hangers in 2006.⁸² Capacity also declined from *** hangers in interim 2006 to *** hangers in interim 2007.⁸³ Production of hangers declined from *** SWG hangers in 2004 to *** hangers in 2006,

⁷² See, e.g., CR at II-7, PR at II-5.

⁷³ Apparent U.S. consumption was 3.2 billion SWG hangers in 2004, 2.9 billion SWG hangers in 2005, and 2.8 billion SWG hangers in 2006. Apparent U.S. consumption was *** SWG hangers in the first six months of 2007 compared with 1.5 billion SWG hangers in the first six months of 2006. CR/PR at Table IV-7.

⁷⁴ CR/PR at Tables IV-2 and IV-3.

⁷⁵ Subject imports increased their share of the U.S. market from 23.8 percent in 2004 to 63.0 percent in 2006. They also increased from 57.4 percent in interim 2006 to *** percent in interim 2007. CR/PR at Table IV-7.

⁷⁶ See CR/PR at Table IV-7; CR/PR at Fig. IV-3. Nonsubject imports accounted for 9.6 percent of the U.S. market in 2004, 11.1 percent in 2006. They were *** percent of the U.S. market in interim 2007 compared with 11.4 percent in interim 2006. CR/PR at Table IV-7.

⁷⁷ See CR/PR at Tables IV-6 and IV-7; CR/PR at Fig. IV-3.

⁷⁸ CR/PR at Tables I-3 and II-1.

⁷⁹ CR/PR at Table III-2.

⁸⁰ CR/PR Table III-2.

⁸¹ CR/PR at Table III-2. As noted earlier, Commissioners Williamson and Pinkert include Laidlaw in the domestic industry.

⁸² Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3.

⁸³ Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3.

and it was only *** hangers in interim 2007, compared with *** hangers in interim 2006.⁸⁴ Despite declines in capacity, capacity utilization also fell over the period examined.^{85 86}

3. Substitutability and Other Conditions

The parties generally agree that SWG hangers are commodity products⁸⁷ and that price plays a large role in deciding upon a supplier.⁸⁸ SWG hangers are generally sold on a spot basis, and sales are made from inventory.⁸⁹ Because other types of hangers (e.g., plastic or wood) are much more expensive, they are not potential substitutes for SWG hangers.⁹⁰

B. Volume of the Subject Imports

Section 771(7)(C) of the Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”⁹¹

The volume of subject imports increased significantly from 2004 to 2006, both in absolute terms and relative to consumption and production in the United States. The volume of subject imports measured by quantity increased from 774 million hangers in 2004 to 1.0 billion hangers in 2005, and then increased to 1.8 billion in 2006. Such imports were 1.3 billion in the first half of 2007 compared with 839 million in the first half of 2006.⁹² The market share of subject imports by volume increased from 23.8 percent in 2004 to 63.0 percent in 2006.⁹³ The ratio of subject imports to U.S. production rose steadily from *** percent in 2004 to *** percent in 2006, and was *** percent in the first half of 2007 as compared to *** percent in the first half of 2006.⁹⁴

Subject imports made significant gains in market share over the period examined, which was a time of declining consumption.⁹⁵ The increase in subject imports’ share of the U.S. market from 23.8 percent in 2004 to 63.0 percent in 2006 was accompanied by a steady decline in domestic producers’

⁸⁴ Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3.

⁸⁵ Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3.

⁸⁶ These indicators showed similar trends for the domestic industry as defined by Commissioners Williamson and Pinkert. See CR/PR at Table C-1.

⁸⁷ CR/PR at Table II-3; CR at I-12, PR at I-8; Tr. at 42, 65.

⁸⁸ Laidlaw and United Wire’s Postconference Brief at 20; M&B’s Postconference Brief at 15 (citing Tr. at 81, 82, 93, 94).

⁸⁹ CR at V-4, PR at V-3.

⁹⁰ CR at II-7, PR at II-5; M&B’s Postconference Brief at 8.

⁹¹ 19 U.S.C. § 1677(7)(C)(i).

⁹² CR/PR at Table IV-6. Subject imports measured by value increased from \$31 million in 2004 to \$39 million in 2005, and then to \$56 million in 2006. Id. Imports of subject merchandise by domestic producers accounted for *** percent of total subject imports in 2006. CR/PR at Table IV-1.

⁹³ Subject import market share was *** percent in the first half of 2007 and 57.4 percent in the first half of 2006. CR/PR at Table IV-7.

⁹⁴ Calculated from Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3.

⁹⁵ CR/PR at Table IV-8 Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3. Apparent U.S. consumption declined by 13.1 percent from 2004 to 2006, but it was *** percent higher in interim period 2007 than in interim period 2006. Id.

market share, from *** percent in 2004 to *** in 2006.⁹⁶ As noted, nonsubject imports, both in absolute terms and relative to U.S. consumption, were relatively steady from 2004 to 2006.⁹⁷ Thus, subject imports gained market share at the expense of the domestic industry as the U.S. industry's share of the market plummeted.⁹⁸

For the foregoing reasons, we find for purposes of the preliminary phase of this investigation that the volume and increase in volume of subject imports were significant, both in absolute terms and relative to consumption and production in the United States.^{99 100}

⁹⁶ Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3. The U.S. market share held by the domestic producer excluded from the domestic industry as a related party (Laidlaw) *** in 2006. Id.

⁹⁷ CR/PR at Table IV-7. Nonsubject imports were 311 million SWG hangers in 2004, 316 million SWG hangers in 2005 and 312 million SWG hangers in 2006. Such imports were 172 million SWG hangers in the first half of 2007, compared with 167 million in the first half of 2006. CR/PR at Table IV-6. The nonsubject imports' U.S. market share was 9.6 percent in 2004, 11.0 percent in 2005, and 11.1 percent in 2006; nonsubject imports' market share was 11.4 percent in interim period 2006 and *** percent in interim period 2007. Memorandum INV-EE-132 at Table C-3.

⁹⁸ See CR/PR at Table IV-7.

⁹⁹ In any final phase investigation, we will seek additional information on the role of nonsubject imports in the U.S. market. We invite parties to comment in any final phase investigation on whether Bratsk Aluminium Smelter v. United States, 444 F.3d 1369 (Fed. Cir. 2006), is applicable to the facts of this investigation. In particular, parties are encouraged to focus on whether the second triggering factor under Bratsk (whether price competitive nonsubject imports are a significant factor in the market) is met. The Commission also invites parties to comment on what additional information the Commission should collect to address the issues raised by the Federal Circuit, how that information should be collected, and which nonsubject sources should be the focus of additional information gathering by the Commission in any final phase investigation.

¹⁰⁰ Chairman Pearson and Commissioner Okun do not join the preceding footnote. They determine that the preliminary record reflects that SWG hangers are commodity products, and, therefore, one of the predicates of the Bratsk test is satisfied. See, e.g., Tr. at 65 (Mr. Waite), M&B's Postconference Brief at 15. With respect to whether nonsubject imports are price competitive, the Commission requested product-specific price data from nonsubject countries in its importers' questionnaires. These data show predominant underselling of the domestic like product by nonsubject imports. Compare INV-EE-132 at Tables 1A - 7A with CR/PR at Tables D-1 - D-7. The prices of nonsubject imports show almost complete overselling compared with prices of subject imports. CR/PR at Tables D-1 - D-7. On the other hand, while the average unit values of nonsubject imports from Mexico were consistently below the average unit values of subject imports (and consistently below the average unit values of U.S. producers' U.S. shipments), the difference lessened from 2004 to 2006, and by 2007, the average unit value of U.S. imports from China were below the average unit value of imports from Mexico. CR at VII-8, PR at VII-6; CR/PR at Figure VII-2. On balance, it appears that nonsubject imports are price-competitive with the domestic like product.

As to whether price-competitive nonsubject imports are a significant factor in the U.S. market, the record in the preliminary phase of this investigation indicates that nonsubject imports were present throughout the period examined. CR/PR at Table IV-3. Nonsubject imports accounted for 28.7 percent of total imports (on a quantity basis) in 2004, 23.2 percent in 2005, and 14.9 percent in 2006. Nonsubject imports accounted for 16.6 percent of total imports in interim 2006 and 11.5 percent in interim 2007. CR/PR at Table IV-3. The U.S. market share of nonsubject imports ranged from 9.6 percent in 2004 to 11.0 percent in 2005 and to 11.1 percent in 2006. The U.S. market share of nonsubject imports was 11.4 percent in interim 2006 and *** percent in interim 2007. CR/PR at Table C-1. The volume of subject imports exceeded the volume of SWG hanger imports from all nonsubject countries throughout the period examined. The largest supplier of nonsubject imports was Mexico, which, in quantity terms, accounted for 26.2 percent of total imports in 2004, 21.8 percent in 2005 and 14.3 percent in 2006. Mexico accounted for 16.0 percent of total imports in interim 2006 and 11.2 percent in interim 2007. CR/PR at Table IV-3.

Respondents contend that nonsubject imports from Mexico are a significant factor in the U.S. market based on their continued presence and on their volume. Chinese Respondents' Postconference Brief at 10, 12; Laidlaw and (continued...)

C. Price Effects of the Subject Imports

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

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

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.¹⁰¹

As noted, SWG hangers are a commodity product, and the great majority of responding domestic producers and importers indicated that subject imports from China were always or frequently interchangeable with domestically produced SWG hangers.¹⁰² Price, therefore, is important in purchasing decisions.

U.S. producers and importers provided quarterly pricing data for seven types of SWG hangers.¹⁰³ The pricing information showed underselling of domestic hangers by the subject imports in nearly every comparison, and by substantial margins.¹⁰⁴ Subject imports undersold the domestic industry's SWG hangers in *** quarterly price comparisons, with margins of underselling ranging from *** percent to *** percent.^{105 106} For purposes of the preliminary phase of this investigation, we find that there has been significant underselling of the domestic like product by subject imports.

The available data do not provide persuasive evidence of significant price depressing or suppressing effects by the subject imports. The domestic industry reported that its sales for a majority of

¹⁰⁰(...continued)

United Wire's Postconference Brief at 5. While an 11 percent share of the U.S. market may be considered a significant factor in other cases, in the present investigation, the largest supplier of SWG hangers from Mexico is affiliated with U.S. producer M&B and M&B is responsible for almost *** percent of imports from Mexico in 2006. CR at VII-10, PR at VII-7; CR at VII-10, PR at VII-7. These trends and this relationship suggest that nonsubject imports of SWG hangers likely will not be a significant factor in the U.S. market. Accordingly, Chairman Pearson and Commissioner Okun do not address the remaining requirements of the Bratsk test. For a complete statement of Chairman Pearson's and Commissioner Okun's interpretation of Bratsk in a preliminary investigation, see Separate and Additional Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun Concerning Bratsk Aluminum v. United States in Sodium Hexametaphosphate from China, Inv. No. 731-TA-1110 (Preliminary), USITC Pub. 3912 (Apr. 2007) at 19-25. In any final phase investigation, any party holding a contrary view should so indicate, and provide a basis for its view, at the time written comments on the draft questionnaires are submitted.

¹⁰¹ 19 U.S.C. § 1677(7)(C)(ii).

¹⁰² CR/PR at Table II-3.

¹⁰³ The seven types of SWG hangers for which pricing data were requested were: Product 1 – 18-inch white shirt hangers; Product 2 – 13 gauge/16-inch caped hangers; Product 3 – 13 gauge/16-inch stock print caped hangers; Product 4 – 14½ gauge/16-inch plain caped hangers; Product 5 – 14½ gauge/16-inch stock print caped hangers; Product 6 – 16-inch strut hangers; and Product 7 – 13 gauge/16-inch latex hangers. CR at V-5, PR at V-4.

¹⁰⁴ See Memorandum INV-EE-132 (Sept. 19, 2007) at Tables 1A, 2A, 3A, 4A, 5A, 6A, and 7A (excluding Laidlaw's production).

¹⁰⁵ See Memorandum INV-EE-132 (Sept. 19, 2007) at Tables 1A, 2A, 3A, 4A, 5A, 6A, and 7A. In the single instance of overselling, the margin was *** percent.

¹⁰⁶ The pricing data for the industry defined by Commissioners Williamson and Pinkert similarly show consistent underselling by subject imports. CR/PR at Tables V-1 to V-7.

its pricing products were made at relatively steady prices over the period, with prices for products 3 and 4 showing very slight to modest declines. Only pricing product 6 showed a steep decline.¹⁰⁷ Thus, it does not appear that domestic prices were significantly depressed by the subject imports, as the domestic industry apparently sacrificed sales volume in order to maintain its prices.¹⁰⁸

The domestic industry's unit cost of goods sold ("unit COGS") declined from \$*** per 1,000 hangers in 2004 to \$*** per 1,000 hangers in 2006, but it was \$*** per 1,000 hangers in interim 2006 compared to \$*** per 1,000 hangers in interim 2007.¹⁰⁹ The unit value of net sales followed a similar trend.¹¹⁰ The ratio of COGS to net sales values fluctuated slightly over the period of investigation and was always close to *** percent.¹¹¹ This evidence suggests that any price suppression by the subject imports was not significant.¹¹² We intend to reexamine this issue closely in any final phase of this investigation. Nevertheless, the record suggests that in the face of widespread underselling by the subject imports the domestic industry sacrificed market share in order to maintain and/or increase its prices, demonstrating that the underselling has contributed to the domestic industry's declining market share as well as declines in other volume-based indicators discussed below.

For the foregoing reasons we find, for purposes of the preliminary phase of this investigation, that subject imports significantly undersold domestic SWG hangers, although we do not find that subject imports had significant price suppressing or depressing effects.

D. Impact of the Subject Imports on the Domestic Industry¹¹³

Section 771(7)(C)(iii) of the Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry."¹¹⁴ These factors include output, sales, inventories, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."¹¹⁵

¹⁰⁷ See Memorandum INV-EE-132 (Sept. 19, 2007) at Tables 1A, 2A, 3A, 4A, 5A, 6A, and 7A.

¹⁰⁸ We note that product volumes for each of the seven products on which pricing information was collected declined significantly over the period of investigation. In any final phase of this investigation, we anticipate collecting data on additional products in order to increase coverage of the domestic industry's sales and obtain a more complete understanding of the price effects of the subject imports. We invite the parties to propose pricing products that are likely to increase the coverage of domestic producers' sales.

¹⁰⁹ See CR/PR at Table VI-2.

¹¹⁰ See CR/PR at Table VI-2.

¹¹¹ See CR/PR at Table VI-2.

¹¹² Petitioner M&B generally alleged that it lost sales, rather than revenue, due to the presence of the subject imports in the U.S. market. See CR at V-19 to V-20, PR at V-13. *** alleged lost sales totaling \$*** were confirmed. See CR/PR at Table V-8.

¹¹³ Commerce estimated that the dumping margins for imports of SWG hangers from China ranged from 203.02 percent to 618 percent. Initiation of Antidumping Investigation, 72 Fed. Reg. 52855 (September 17, 2007).

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

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

We have examined the trade and financial data for the domestic industry producing SWG hangers.^{116 117} The data indicate sharp declines in the size and performance of the industry during the period examined as subject imports gained U.S. market share at the expense of the domestic producers.¹¹⁸ The domestic industry's capacity,¹¹⁹ production,¹²⁰ capacity utilization,¹²¹ shipments,¹²² and sales revenue¹²³ all declined overall from 2004 to 2006 and when the 2006 and 2007 interim periods are compared. By the end of the period, the industry was producing only *** as many hangers (on an annualized basis) as it had been at the beginning of the period.¹²⁴

¹¹⁶ Of the eight known producers of SWG hangers in the United States during the period, financial information on domestic production was received only for M&B, Metro, and United Wire. See CR/PR at Table VI-2.

¹¹⁷ Commissioners Williamson and Pinkert note that the trends for the trade data are similar for the domestic industry they analyzed, which included Laidlaw. Because Laidlaw did not submit usable financial data, the financial trends are identical regardless of whether Laidlaw is excluded from the industry.

¹¹⁸ Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3. Domestic producers' share of the U.S. market declined from *** percent in 2004 to *** percent in 2006, and was *** percent in the first half of 2007, compared to *** percent in the first half of 2006. While only *** alleged lost sales totaling \$*** were confirmed, the record is otherwise clear that the subject imports rapidly captured market share from the domestic industry. See CR/PR at Table V-8.

¹¹⁹ Domestic production capacity fell from *** SWG hangers in 2004 to *** SWG hangers in 2006, and was *** SWG hangers in the first half of 2007, compared to *** SWG hangers in the first half of 2006. Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3 (excluding Laidlaw).

¹²⁰ Domestic production fell from *** SWG hangers in 2004 to *** SWG hangers in 2006 and was *** SWG hangers in the first half of 2007, compared to *** SWG hangers in the first half of 2006. Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3 (excluding Laidlaw).

¹²¹ The industry's capacity utilization fell from *** percent in 2004 to *** percent in 2006 and was *** percent in the first half of 2007, compared to *** percent in the first half of 2006. Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3 (excluding Laidlaw).

¹²² U.S. shipments fell from *** SWG hangers in 2004 to *** SWG hangers in 2006 and were *** SWG hangers in the first half of 2007, compared to *** SWG hangers in the first half of 2006. Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3 (excluding Laidlaw).

¹²³ U.S. sales fell from \$*** in 2004 to \$*** in 2006, and were just \$*** in the first half of 2007, compared to \$*** in the first half of 2006. Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3 (excluding Laidlaw).

¹²⁴ See Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3 (excluding Laidlaw).

The average number of production related workers,¹²⁵ hours worked,¹²⁶ and wages paid¹²⁷ for the industry producing SWG hangers declined during the period examined. Productivity appears to have increased due to the industry's layoffs,¹²⁸ but the industry's capital expenditures fell ***.¹²⁹

The domestic industry's financial indicators all suffered over the period examined, with the domestic industry reporting operating losses throughout the period.¹³⁰ The industry's largest loss was at the end of the period,¹³¹ and its unit operating losses steadily increased over the period as the industry contracted.¹³²

For purposes of the preliminary phase of this investigation, we attribute the domestic industry's declines in performance over the period of investigation in significant part to the rapid increases in subject import volume and market share. Subject imports have used their price advantage to gain a significant share of the U.S. market at the expense of the domestic industry.¹³³

Chinese Respondents argue that the impact on the domestic industry of Petitioner's decision to move certain production to Mexico should not be attributed to subject imports.¹³⁴ We find that the declines in U.S. SWG hanger production and shipments are not explained by the increase of imports of SWG hangers from Mexico.¹³⁵ ¹³⁶ U.S. producers' share of apparent U.S. consumption of SWG hangers has declined *** percentage points during the period of investigation, from *** percent in 2004 to ***

¹²⁵ The number of workers employed by the industry fell from *** in 2004 to *** in 2006 and was only *** in the first half of 2007, compared to *** in the first half of 2006. Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3 (excluding Laidlaw).

¹²⁶ The number of hours worked in the production of SWG hangers fell from *** in 2004 to *** in 2006 and were *** in the first half of 2007, compared to *** in the first half of 2006. Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3 (excluding Laidlaw).

¹²⁷ Wages paid by the industry declined from \$*** in 2004 to \$*** in 2006. Wages paid were \$*** in the first half of 2007, compared to \$*** in the first half of 2006. Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3 (excluding Laidlaw).

¹²⁸ Productivity increased from *** hangers per hour in 2004 to *** hangers per hour in 2006, and was *** hangers per hour in the first half of 2007, compared to *** hangers per hour in the first half of 2006. Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3 (excluding Laidlaw).

¹²⁹ The industry's capital expenditures declined from \$*** in 2004 to \$*** in 2006 and were just \$*** in the first half of 2007, compared to \$*** in the first half of 2006. Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3 (excluding Laidlaw).

¹³⁰ See Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3. The industry's ratio of operating loss to net sales was *** percent in 2004, *** percent in 2005 and *** percent in 2006. *Id.*

¹³¹ The industry's ratio of operating loss to net sales was *** percent in interim period 2006 and *** percent in interim period 2007. Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3 (excluding Laidlaw).

¹³² The industry's unit operating loss was \$*** per 1,000 hangers in 2004 and was \$*** per 1,000 hangers in 2006. By the first half of 2007, it totaled \$*** per thousand hangers, compared to \$*** per 1,000 hangers in the first half of 2006. Memorandum INV-EE-132 (Sept. 19, 2007) at Table C-3 (excluding Laidlaw).

¹³³ Respondents assert that the domestic industry cannot meet the entirety of U.S. demand for SWG hangers. Laidlaw and United Wire's Postconference Brief at 14. The Commission has previously observed that "there is no short supply provision in the statute" and "the fact that the domestic industry may not be able to supply all of demand does not mean the industry may not be materially injured or threatened with material injury by reason of subject imports." Softwood Lumber from Canada, Inv. Nos. 701-TA-414 and 731-TA-928 (Article 1904 NAFTA Remand) at 108, n. 310 (December 2003).

¹³⁴ See, e.g., Chinese Respondents' Brief at 18-19.

¹³⁵ INV-EE-132 at Table C-3. See also CR/PR at Table III-6.

¹³⁶ See Artists' Canvas from China, Inv. No. 731-TA-1091 (Final), USITC Pub. 3853 (May 2006) at 25.

percent in 2006.¹³⁷ Nonsubject imports' share of apparent U.S. consumption (including M&B's imports from Mexico) increased by only 1.5 percentage points during this same period, from 9.6 percent in 2004 to 11.1 percent in 2006.¹³⁸ Imports of SWG hangers from China account for the remainder; subject imports' share increased from 23.8 percent in 2004 to 63.0 percent in 2006.¹³⁹

The subject imports have had a significant negative impact on the condition of the domestic industry during the period of investigation. In sum, we find that the absolute and relative volumes of subject imports are significant, that subject imports have gained significant market share at the expense of the domestic industry, that they have significantly undersold the domestic product, and that they have adversely affected sales of domestic SWG hangers.

CONCLUSION

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

¹³⁷ INV-EE-132 at Table C-3. In first half 2007, U.S. producers' share of apparent U.S. consumption of SWG hangers was *** percent as compared to *** percent in first half 2006.

¹³⁸ INV-EE-132 at Table C-3. In first half 2007, nonsubject imports' share of apparent U.S. consumption of SWG hangers was *** percent as compared to 11.4 percent in first half 2006.

¹³⁹ INV-EE-132 at Table C-3. In first half 2007, subject imports' share of apparent U.S. consumption of SWG hangers was *** percent as compared to 57.4 percent in first half 2006.

PART I: INTRODUCTION

BACKGROUND

This investigation results from a petition filed by M&B Metal Products Company, Inc. (“M&B”) on behalf of the domestic industry that produces steel wire garment hangers (“SWG hangers”), on July 31, 2007, alleging that an industry in the United States is materially injured or threatened with material injury by reason of less-than-fair-value (“LTFV”) imports of SWG hangers¹ from China. Information relating to the background of the investigation is provided below.²

Effective date	Action
July 31, 2007	Petition filed with Commerce and the Commission; institution of the Commission's investigation (72 FR 45069, August 10, 2007)
August 21	Commerce's notice of extension of the deadline for determining petition adequacy (72 FR 46606)
August 21	Commission's conference ¹
September 10	Commerce's notice of initiation (72 FR 52855, September 17, 2007)
September 20	Commission's vote
October 10	Commission's determination transmitted to Commerce
October 10	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

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

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

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

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

¹ The definition of the SWG hangers subject to this investigation is presented later in Part I of this report in the section entitled “The Subject Merchandise.”

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

...

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.

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

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. Consumption of SWG hangers totaled approximately \$96.8 million (2.8 billion hangers) in the U.S. market in 2006. Currently, four firms are known to produce SWG hangers in the United States: M&B, Metro Supply, Shanti, and Ganchos.³ U.S. producers' reported U.S. shipments of SWG hangers totaled \$29.5 million (731.0 million hangers) in 2006 and accounted for 30.5 percent of apparent U.S. consumption by value and 25.9 percent by quantity. U.S. imports from China totaled \$56.3 million (1.8 billion hangers) in 2006 and accounted for 58.2 percent of apparent U.S. consumption by value and 63.0 percent by quantity. U.S. imports from nonsubject sources

³ CHC Industries, Inc. ("CHC") ceased production in 2003, Nagel Manufacturing and Supply Co. ("Nagel Manufacturing") in 2004, United Wire Hanger Corp. ("United Wire") in 2006, and Laidlaw Corp. ("Laidlaw") and Navisa Hanger Manufacturer, Inc. ("Navisa") in 2007. East West Enterprises and Rocky Mountain Hanger Manufacturing also have ceased production. Conference transcript, p. 16 (Magnus).

(primarily Mexico) totaled \$10.9 million (312.2 million hangers) in 2006 and accounted for 11.3 percent of apparent U.S. consumption by value and 11.1 percent by quantity.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in the investigation is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of four firms that accounted for approximately *** of U.S. production of SWG hangers during 2006. U.S. imports are based on official statistics from the Department of Commerce (“Commerce”) except where noted.

PREVIOUS AND RELATED INVESTIGATIONS

On November 27, 2002, CHC Industries, Inc.; M&B Metal Products Company, Inc.; and United Wire Hanger Corporation, producers of steel wire garment hangers, filed a petition pursuant to section 421 of the Trade Act of 1974 alleging that certain steel wire garment hangers from China were being imported into the United States in such increased quantities or under such conditions as to cause or threaten to cause market disruption to the domestic garment hanger industry. On January 27, 2003, the Commission voted unanimously to determine that Chinese imports were causing market disruption.⁴ The Commission found that shipments from China had increased by more than 800 percent from 1997 to 2001 and more than doubled between January-September 2001 (interim 2001) and January-September 2002 (interim 2002). The Commission also found that rapidly increasing imports from China were a significant cause of material injury to the domestic industry.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 imposed, production would simply shift to third countries, which could not be subject to section 421’s China-specific restrictions.”⁷

NATURE AND EXTENT OF ALLEGED SALES AT LTFV

On September 11, 2007, the Commission received notification of Commerce’s initiation of antidumping duty investigation concerning SWG hangers from China. The estimated weighted-average dumping margins (in percent *ad valorem*), as reported by Commerce (based on petitioners’ comparison of the export price and normal value) ranged from 203 percent to 618 percent.⁸

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

⁵ *Ibid.*, pp. 10-17.

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

⁷ *Presidential Determination on Wire Hanger Imports from the People’s Republic of China*, 68 FR 82 (April 29, 2003), April 25, 2003.

⁸ *Steel Wire Garment Hangers from the People’s Republic of China: Initiation of Antidumping Duty Investigation*, 72 FR 52855 (September 17, 2007).

THE SUBJECT MERCHANDISE

Commerce’s Scope

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

Steel wire garment hangers, fabricated from carbon steel wire, whether or not galvanized or painted, whether or not coated with latex or epoxy or similar gripping materials, and/or whether or not fashioned with paper covers or capes (with or without printing) and/or nonslip features such as saddles or tubes. These products may also be referred to by a commercial designation, such as shirt, suit, strut, caped, or latex (industrial) hangers. Specifically excluded from the scope of this investigation are wooden, plastic, and other garment hangers that are classified under separate subheadings of the Harmonized Tariff Schedule of the United States (“HTSUS”).⁹

U.S. Tariff Treatment

The products subject to this petition are currently classified in subheading 7326.20.00 of the HTSUS and reported under statistical reporting number 7326.20.0020, at a general rate of duty of 3.9 percent *ad valorem*. This subheading was created specifically for wire hangers at the request of the U.S. industry and has been in place since January 1, 2002.¹⁰

**Table I-1
SWG hangers: Tariff treatment, 2007**

HTS provision	Article description	General	Special ¹	Column 2
		Rates (percent <i>ad valorem</i>)		
7326	Other articles of iron or steel:			
7326.20.00 20	Articles of iron or steel wire Garment hangers	3.9%	Free (A, AU, B, BH, CA, CL, E, IL, J, JO, MA, MX, P, SG)	45%
¹ General note 3(c)(i) to the HTS lists the programs related to the enumerated special duty rate symbols. Source: HTS (2007).				

THE DOMESTIC LIKE PRODUCT

The Commission’s determination regarding the appropriate domestic product that is “like” the subject imported product is based on a number of factors, including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price. The petition contends that the domestic like product is all steel wire garment hangers corresponding to the scope,¹¹ and no party has argued for a separate like product.

⁹ *Steel Wire Garment Hangers from the People’s Republic of China: Initiation of Antidumping Duty Investigation*, 72 FR 52855 (September 17, 2007).

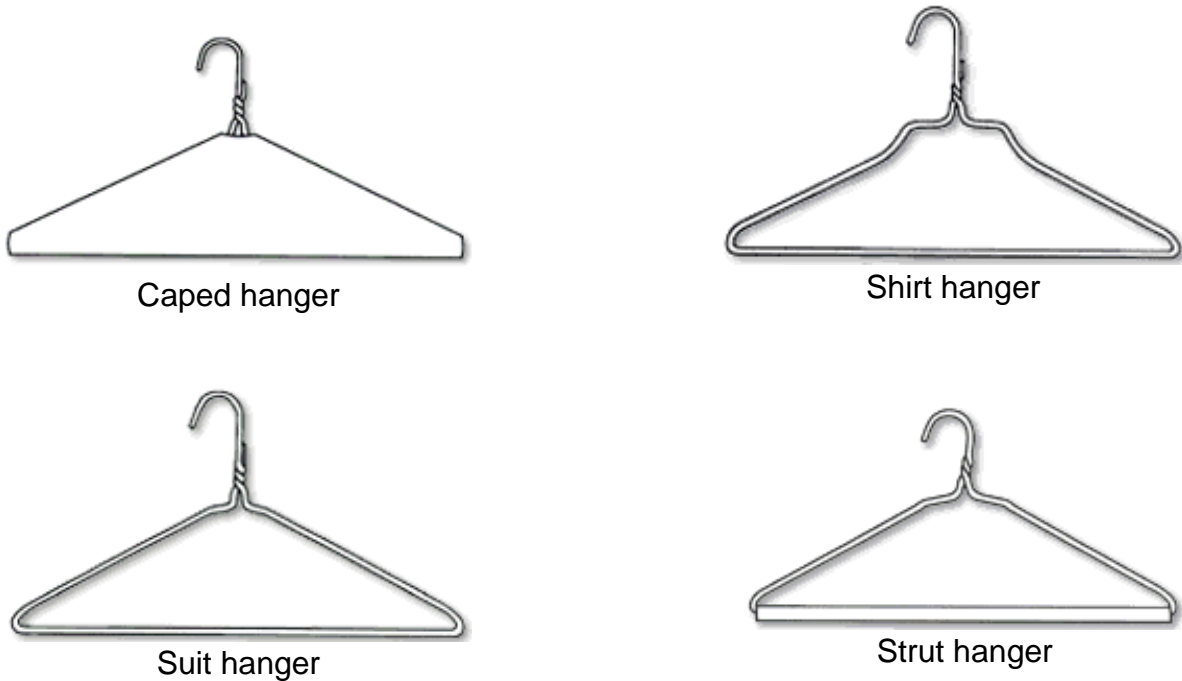
¹⁰ Petition, p. 17.

¹¹ Petition, p. 19.

Physical Characteristics and Uses

SWG hangers are produced primarily for use by the dry cleaning, industrial laundry, textile, and uniform rental industries. SWG hangers are designed and formed to permit clothing and other textiles to be draped and/or suspended from the product. The four most common varieties of dry-cleaning hangers are caped hangers, shirt hangers, suit hangers, and strut hangers (figure I-1). Each of these general categories includes a range of hangers in varying sizes and finishes, but with common distinguishing features. Caped hangers have a paper “cape” or cover, normally white and often with commercial or custom printing. Strut hangers have a paper tube that runs along the length of the bottom of the hanger. This paper tube, or “strut,” is often coated with a nonslip material to prevent the garment from falling off of the hanger. The basic shirt hanger is produced using a lighter gauge wire, so it is a thinner hanger, and it is normally painted white. The suit hanger has the same basic hanger shape, but it is manufactured using a wire gauge that can support the weight of a suit and is usually painted with a gold-colored paint. As noted in the petition, despite some obvious differences in finishes and paper accessories, all of these hangers share the same basic configuration, characteristics, and end use.¹²

Figure I-1
SWG hangers: Common varieties



Source: M&B website at <http://www.mbhangers.com/>, retrieved August 28, 2007.

¹² Petition, pp. 14-15.

Manufacturing Processes

The manufacturing process to produce SWG hangers consists of purchasing low-carbon steel wire or drawing wire from low-carbon steel wire rod, cutting the wire to length, and fabricating the hangers. After the wire is straightened and cut to length, the hangers are formed and painted. The process may be continuous or require separate stages to straighten, cut, and form the hanger, and painting may take place either before or after the hanger is formed. In all cases, the forming machines are dedicated to the production of hangers; they are not used and cannot be used to produce other products.

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

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 wire¹³ to support the weight of newly washed textiles and uniforms. Industrial laundries and uniform rental companies typically require a more substantial gauge hanger in a consistent shape to fit their high-speed processing equipment. These hangers may be coated with a latex or other coating to prevent slippage during the steaming and pressing operations.¹⁴ Latex hangers, however, are not used by dry cleaners because the bottom wire bar would put a crease in the trousers.¹⁵ Otherwise, there are no significant differences in the production process or uses for industrial hangers and dry-cleaning hangers.

The formation of the hanger itself is similar in China and the United States.¹⁶ However, while operations such as the addition of the capes and struts, and painting the wire are done by machine in the United States but they are performed manually in China.¹⁷ Specific production differences between M&B and firms in China are presented in table I-2. Figures I-2 and I-3 present flow charts for the manufacturing of U.S. and Chinese SWG hangers, respectively. All of the common types of SWG hangers mentioned above are produced in China.¹⁸

Table I-2
SWG hangers: Production process differences between M&B and producers in China

* * * * *

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

¹⁴ Petition, pp. 15-16.

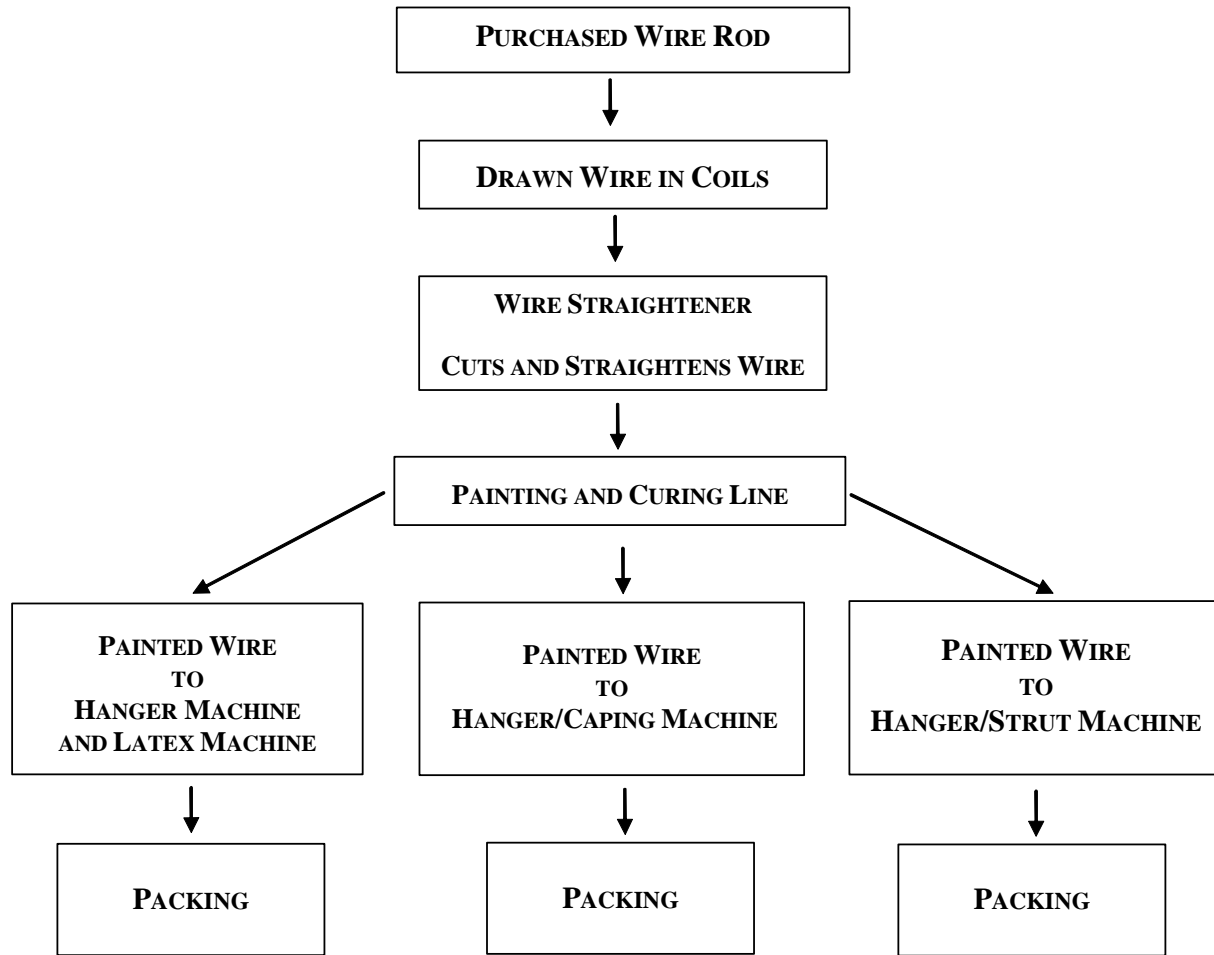
¹⁵ Conference transcript, p. 23 (Magnus).

¹⁶ For example, Shanghai Wells Hanger Co. Ltd., a manufacturer in China, states that it is “the world’s leading manufacturer of quality wire hangers” and that the majority of its production equipment was brought in from the United States (Petition, exhibit 25 and website of Shanghai Wells Hanger Co. Ltd., at <http://www.wellshanger.com/about.asp>, retrieved August 28, 2007).

¹⁷ Conference transcript, pp. 57-58 (Magnus) and pp. 129-130 (Schultz).

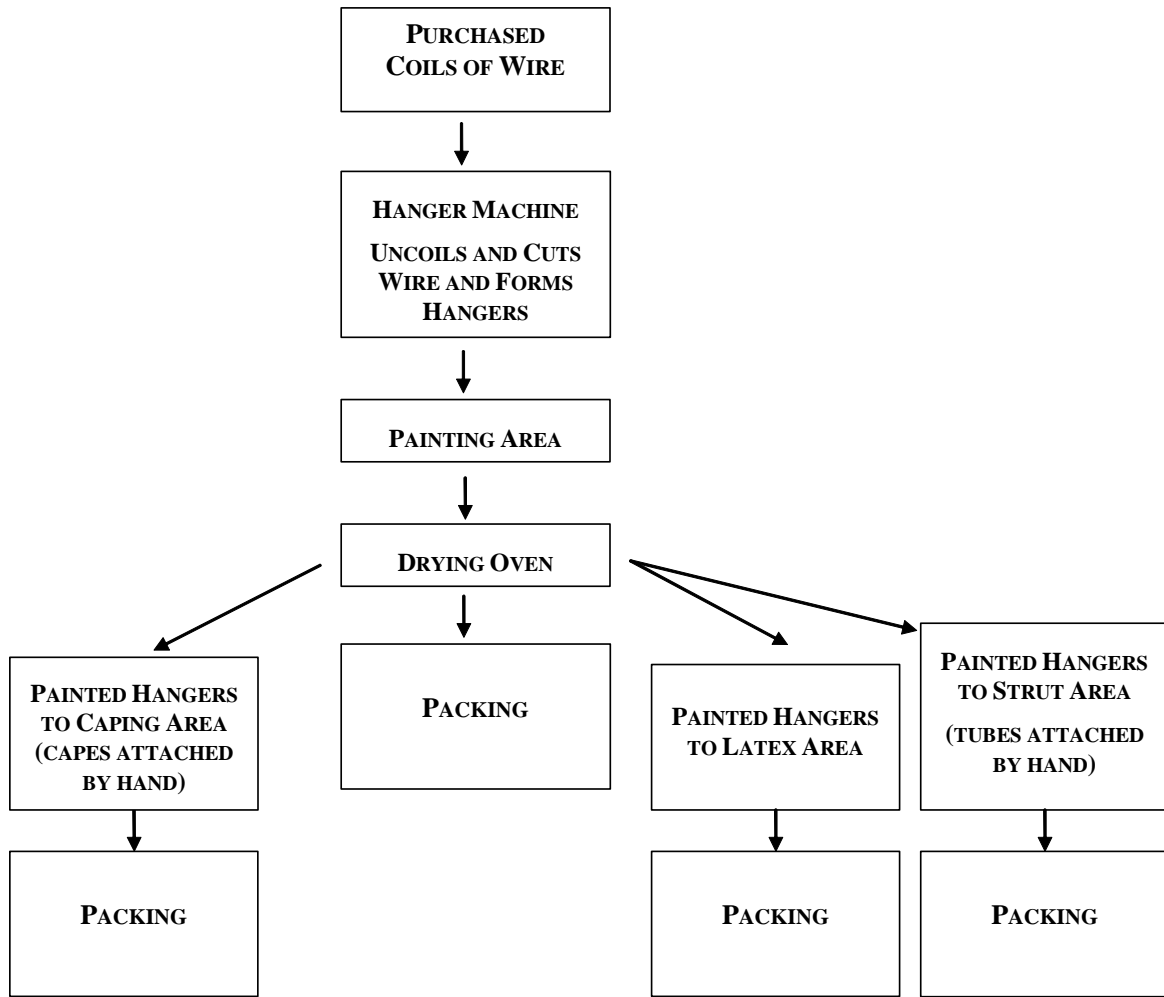
¹⁸ Conference transcript, p. 66 (Waite).

Figure I-2
SWG hangers: M&B Metal Products production flow chart



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

Figure I-3
SWG hangers: Flow chart of Chinese production



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

Interchangeability and Customer and Producer Perceptions

U.S. producers of SWG hangers as well as importers of SWG hangers from China generally report that the U.S.-produced and imported product are always or frequently interchangeable. SWG hanger customers purchase the domestically produced and imported product directly from the manufacturer, as well as from local, regional, and national distributors of the product. More detailed information on interchangeability can be found in Part II of this report, *Conditions of Competition in the U.S. Market*.

Channels of Distribution

Over the period for which data were collected, U.S. importers reported selling most of their product to distributors of SWG hangers (in 2006, 74.2 percent). This was true for U.S. producers in 2004, but sales to distributors decreased by 84.1 percent from 2004 to 2006, until in 2006 U.S. producers reported selling only 31.9 percent of their product to distributors. Table I-3 presents both producers' and importers' reported methods of distribution. Additional information on channels of distribution can be found in Part II of this report, *Conditions of Competition in the U.S. Market*.

Table I-3
SWG hangers: U.S. producers' and importers' channels of distribution, 2004-06, January-June 2006, and January-June 2007

Item	Calendar year			January-June	
	2004	2005	2006	2006	2007
Producers:					
Distributors (1,000 hangers)	1,464,788	915,598	233,476	170,533	***
End users (1,000 hangers)	695,221	602,003	497,549	285,462	***
Importers:					
Distributors (1,000 hangers)	573,503	878,813	1,047,660	519,955	531,743
End users (1,000 hangers)	101,048	166,863	311,534	148,295	352,444
Total:					
Distributors (1,000 hangers)	2,038,291	1,794,411	1,281,136	690,488	***
End users (1,000 hangers)	796,269	768,866	809,083	433,757	***

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

Price

Petitioners contend that the market for SWG hangers is highly price-sensitive, with competition occurring between imports and domestic producers for sales on the basis of price.¹⁹ Table I-4 and figure I-4 present average unit values for U.S. shipments of SWG hangers in the United States from various sources. Average unit value for both domestic and imported SWG hangers initially increased in 2005 and then in 2006 decreased to levels below those that existed in 2004. Throughout the period for which data were collected the average unit value for U.S. shipments of SWG imports from China was between 73 and 75 percent of the average unit value for domestically produced SWG hangers. Pricing practices and prices reported for specific types of SWG hangers in response to the Commission's questionnaires are presented in Part V of this report, *Pricing and Related Information*.

¹⁹ Petition, pp. 31-33.

Table I-4

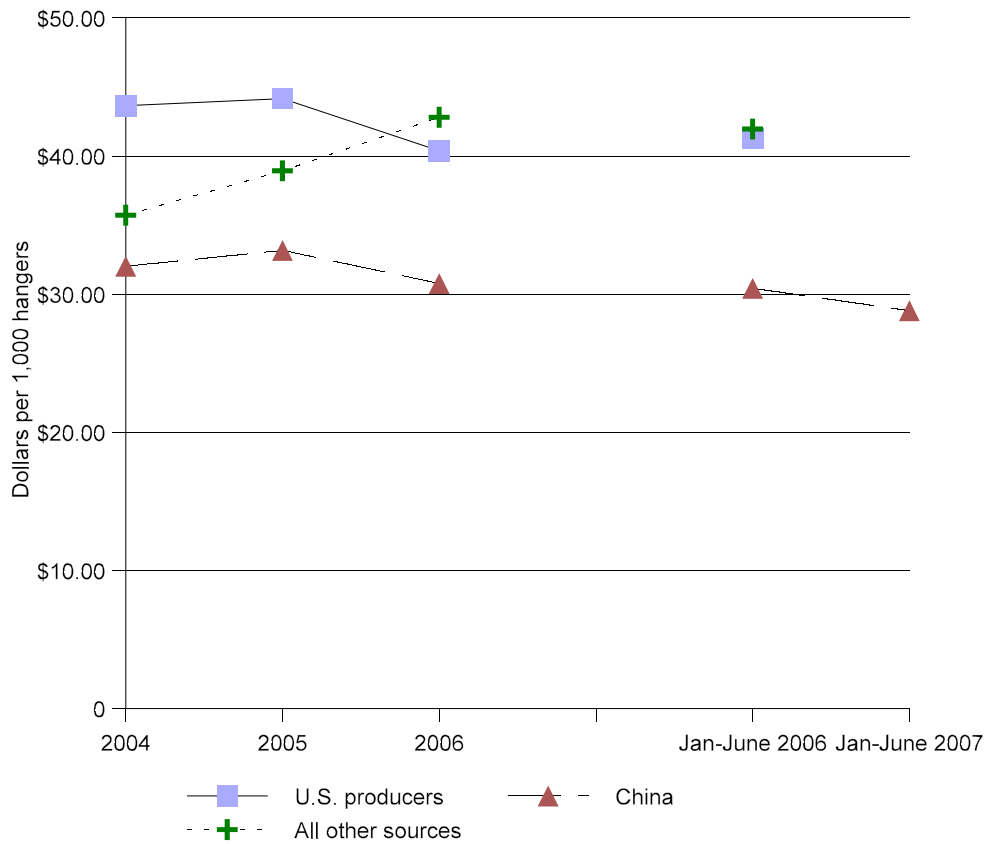
SWG hangers: Average unit values of U.S. shipments, by source, 2004-06, January-June 2006, and January-June 2007

Item	Calendar year			January-June	
	2004	2005	2006	2006	2007
Unit value (per 1,000 hangers)					
U.S. producers' U.S. shipments	\$43.66	\$44.16	\$40.39	\$41.27	\$***
U.S. shipments of imports from-- China	32.03	33.18	30.78	30.43	28.81
All other sources	35.74	38.94	42.82	41.97	***

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

Figure I-4

SWG hangers: Average unit values of U.S. shipments, by source, 2004-06, January-June 2006, and January-June 2007



Note.--Confidential data in interim 2007 have been suppressed.

Source: Table I-4.

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

U.S. MARKET CONDITIONS AND CHARACTERISTICS

U.S. producers' U.S. commercial shipments of SWG hangers are increasingly made primarily to end users. Typical end users include major dry cleaning chains, industrial laundries, and the uniform rental industry.¹ U.S. shipments of imported product from China are made primarily through trading companies and distributors. Distributors (including the former domestic producers) may buy directly from China or import through a trading company.²

Two of the four responding U.S. producers reported nationwide sales and a third reported sales to at least four regions (Northwest, Mid-Atlantic, Midwest, and Southeast). With respect to the two U.S. firms that imported SWG hangers from China, one concentrated its sales *** and the other sold its SWG hangers in the *** regions. On average U.S. producers sold 46.3 percent of their SWG hangers within 101 miles of their storage or production facilities, 48.8 percent between 101 and 1,000 miles, and 5.0 percent beyond 1,000 miles. Three of the 19 responding importers also reported nationwide sales, with another four reporting sales to at least three regions. Thirteen importers reported shipping to only one region. On average, U.S. importers of Chinese SWG hangers sold 53.8 percent of their SWG hangers within 100 miles of their storage or production facilities, 26.2 percent between 101 and 1,000 miles, and 20.0 percent over 1,000 miles.

In 2006, 55.2 percent of all SWG hangers imported into the United States entered through ports on the West Coast during 2006, as were 55.1 percent during January-June 2007 (table IV-5). Petitioner M&B reported that it shipped SWG hangers in limited quantities to the West Coast by freight line and by piggyback (truck on a railway).³

CHANNELS OF DISTRIBUTION

During January 2004 through June 2007, a majority (58.3 percent on average) of U.S. producers' U.S. shipments of SWG hangers was shipped to distributors, although since 2006 distributor sales have fallen below end user sales. U.S. shipments of subject imported SWG hangers also went primarily to distributors. During January 2004 through June 2007, 74.6 percent of U.S. shipments of SWG hangers imported from China (on average) were to distributors. Table II-1 presents information on channels of distribution for U.S. producers as well as for U.S. importers of subject product from China.

¹ Conference transcript, p. 26 (Pedelty).

² There were four national U.S. producers of SWG hangers in 2004, as well as five local/regional producers; today there is only one national U.S. producer of SWG hangers, and only three regional producers.

³ Conference transcript, pp. 60-61 (Magnus).

Table II-1

SWG hangers: U.S. producers' and importers' shares of reported U.S. shipments, by sources and channels of distribution, 2004-06, January-June 2006, and January-June 2007

Item	Calendar year			January-June	
	2004	2005	2006	2006	2007
Share of reported shipments (percent)					
Domestic producers' U.S. shipments of SWG hangers to:					
Distributors	67.8	60.3	31.9	37.4	***
End users	32.2	29.7	68.1	62.6	***
U.S. importers' U.S. shipments of SWG hangers from China to:					
Distributors	88.6	84.8	74.2	74.5	55.2
End users	11.4	15.2	25.8	25.5	44.8
U.S. importers' U.S. shipments of SWG hangers from all other countries to:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
Source: Compiled from data submitted in response to Commission questionnaires.					

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, staff believes that U.S. producers are likely to respond to changes in demand with relatively large increases in shipments of SWG hangers to the U.S. market. Low levels of capacity utilization indicate that U.S. producers have the ability to increase production of SWG hangers substantially in the short run. Factors contributing to this degree of responsiveness of supply are discussed below.

Industry capacity

Total U.S. capacity decreased from 2.6 billion SWG hangers in 2004 to 1.5 billion SWG hangers in 2006, and continued to decrease during the interim 2006-07 period, from 892 million in 2006 to *** in 2007. U.S. producers' reported capacity utilization for SWG hangers decreased from 84.7 percent in 2004 to 45.6 percent in 2006, and decreased between the interim periods, from 51.0 percent in interim 2006 to *** percent in interim 2007. These levels of capacity utilization indicate that U.S. producers of SWG hangers have a fairly substantial amount of available capacity with which they could increase production of SWG hangers in the short run in the event of a price change.

Alternative markets

U.S. producers reported minimal export shipments in 2006, accounting for only *** percent of U.S. producers' total shipments. The petitioner stated that there is limited demand for SWG hangers in the rest of the world, in particular, limited demand in Europe (France) and parts of South America.⁴ The low levels of exports during the period indicates that domestic producers of SWG hangers are constrained in their ability to shift shipments from the United States to other markets in the short run in response to price changes.

Inventory levels

U.S. producers of SWG hangers reported that combined end-of-period inventory quantities declined during 2004-06 from 111 million hangers to 27 million hangers, or by 76 percent. U.S. producers also reported that the ratio of U.S. producers' inventory to total shipments of SWG hangers declined from 5.1 percent in 2004 to 3.6 percent in 2006 and was only *** percent in June 2007. These levels of inventory suggest that U.S. producers are limited in their ability to use inventory to respond to price changes in the short term.

Production alternatives

None of the four responding U.S. producers reported producing other products on the same equipment or machinery or using the same labor as it used to produce SWG hangers. Petitioners stated that no other products could be produced on wire hanger machines besides SWG hangers.⁵

Subject Imports from China

Based on available information, staff believes that Chinese producers of SWG hangers are likely to respond to changes in demand with relatively small changes in the quantity shipped to the U.S. market. The response of Chinese producers will be limited by a high capacity utilization rate, an inability to produce other products using the same equipment with which SWG hangers are produced, and the absence of alternative markets.

Imported SWG hangers from China increased by 82 percent from \$31.0 million in 2004 to \$56.3 million in 2006, and increased by 46 percent between the interim periods. On an absolute basis, U.S. subject imports from China rose from 774 million hangers in 2004 to 1.8 billion hangers in 2006 and between the interim periods increased from 839 million hangers to 1.3 billion hangers. Imported SWG hangers from China, as a share of the total value of U.S. imports of SWG hangers, increased from 73.9 percent in 2004 to 83.8 percent in 2006, and continued to rise during the interim periods 2006-07, to *** percent in January-June 2007. Imported SWG hangers from China, as a share of total quantity of U.S. imports of SWG hangers, increased from 71.3 percent in 2004 to 85.1 percent in 2006, and reached *** percent in January-June 2007. Subject Chinese imports' share of apparent U.S. consumption rose from 23.8 percent in 2004 to 63.0 percent in 2006, and rose between the interim period, from 57.4 percent to *** percent.

⁴ Conference transcript, p. 26 (Pedelty).

⁵ Conference transcript, p. 48 (Magnus).

Industry capacity

Twelve responding Chinese producers reported total capacity utilization for SWG hangers that increased steadily from 69.8 percent in 2004 to 83.5 percent in 2006 as both capacity and production of SWG hangers increased by more than 1 billion hangers. Chinese production capacity increased from approximately 1.9 billion hangers in 2004 to nearly 2.4 billion hangers in 2005, or by 29.0 percent, and increased to nearly 3 billion in 2006 (23.8 percent); this trend is projected to continue into 2007 with an increase to 3.3 billion SWG hangers. Overall, Chinese production capacity increased by 59.7 percent during 2004-2006. Chinese capacity utilization rates, however, reached 83.5 percent in 2006 and 97.3 percent in January-June 2007. These levels of capacity utilization indicate that Chinese producers of SWG hangers may have limited existing available capacity with which they could increase production of SWG hangers in the short run in the event of a price change.

Inventory levels

Responding Chinese producers of SWG hangers reported combined end-of-period inventories that increased from 37.3 million SWG hangers in 2004 to 76.8 million SWG hangers in 2006, and continued to rise during the interim 2006-07 period from 59.1 million in 2006 to 98.0 million in 2007. Inventories as a ratio to shipments of Chinese SWG hangers also increased from 2.9 percent in 2004 to 3.1 percent in 2006 and from 2.5 percent in interim 2006 to 2.9 percent in interim 2007. These data indicate that Chinese producers have a limited ability to use inventories as a means to increase shipments to the U.S. market in the short run.⁶

Alternative markets

The responding Chinese producers of SWG hangers reported that their products were shipped principally to the U.S. market, secondarily to third-country markets, thirdly to their home market; these producers reported that this shipment pattern is projected to continue in 2007 and 2008. According to questionnaire responses from Chinese producers of SWG hangers, exports to the United States accounted for 90.4 percent of all shipments of SWG hangers in 2006, similar to the 94.1 percent share in 2004, while only 3.4 percent of total shipments were consumed in the Chinese home market and 6.2 percent were exported to other markets in 2006. Accordingly, reporting producers have a limited ability to divert product from other markets in response to relative changes in the price of SWG hangers between the United States and other markets.

Production alternatives

None of the 20 responding Chinese producers indicated that they produced other products using the same equipment used to produce SWG hangers.

⁶ Staff notes that Chinese exports of SWG hangers to the U.S. market increased from 1.2 billion SWG hangers in 2004 to 1.6 billion SWG hangers in 2005 (35.3 percent), and to 2.2 billion SWG hangers in 2006 (36.7 percent). Chinese exports were 39.5 percent higher during January-June of 2007 than during the corresponding period of 2006. Exports to the United States for full year 2007 are expected to reach 2.4 billion SWG hangers.

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 factors to the low responsiveness of demand is the low cost share accounted for by SWG hangers in most end uses and the lack of products that can be substituted for SWG hangers in many end uses.

Demand Characteristics

SWG hangers are used by dry cleaners, industrial laundries, and uniform rental companies to hang clothes. Three of the responding U.S. producers and seven importers responded that at least 85 percent of their hangers were used by dry cleaners or industrial laundries and the remaining U.S. producer and one importer reported that its hangers were used by uniform rental companies.

Available data indicate that apparent U.S. consumption of SWG hangers decreased from 3.2 billion SWG hangers in 2004 to 2.8 billion SWG hangers in 2006. Apparent U.S. consumption of SWG hangers rose between the interim periods, from 1.5 billion SWG hangers in interim 2006 to *** SWG hangers in interim 2007. When asked if demand for SWG hangers had changed since January 1, 2004, three responding producers and 8 of 18 responding importers reported that there had been no change in demand. The remaining responding producer and 2 importers reported that demand decreased, whereas 6 importers reported that demand increased. One importer reported that demand increased for SWG hangers because of inflation and another due to increase usage.

Substitute Products

Two of the three responding U.S. producers and all 20 responding importers reported that there are no practical substitutes for SWG hangers. The one remaining U.S. producer and six importers mentioned either cardboard, plastic, crystal, or wood hangers as possible substitutes. The U.S. producer added that cardboard hangers have very limited applications because they do not travel well on conveyors, which is a requirement for both dry cleaners and uniform rental companies.

Cost Share

U.S. producers and importers reported that SWG hangers are used primarily by dry cleaners, industrial laundries, and uniform rental companies to hang clothes. Most estimates of the share of the total cost of the end use product accounted for by the cost of SWG hangers ranged from less than 1 percent to 2 percent.

SUBSTITUTABILITY ISSUES

Factors Affecting Purchasing Decisions

Producers and importers were also asked to assess how often differences other than price (i.e., quality, availability, transportation network, product range, technical support, ect.) were significant in sales of SWG hangers from the United States, China, or nonsubject countries (table II-2). Two of the three responding U.S. producers reported that non-price differences between U.S.-produced and Chinese-produced SWG hangers are never a factor in their sales of SWG hangers, while the third reported that they sometimes are a factor. Six of the responding importers of SWG hangers reported that non-price differences between U.S.-produced and Chinese-produced SWG hangers are always a factor, one reported that they are frequently a factor, and three reported that they are sometimes a factor.

Table II-2

SWG hangers: U.S. producers' and importers' conception concerning the importance of non-price differences in purchases of SWG hangers from the United States and other countries¹

Country comparison	U.S. producers					U.S. importers				
	A	F	S	N	0	A	F	S	N	0
U.S. vs. China	0	0	1	2	5	6	1	3	1	43
U.S. vs. Nonsubject	0	0	1	2	0	2	0	0	1	0
China vs. Nonsubject	0	0	1	4	5	0	0	0	1	28

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

Note: "A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never, and "0" = No familiarity.

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

Quality and the refusal to sell to Chinese distributors were the most commonly listed non-price factors. One of the importers stated that the overall quality, including the paint and boxes, of SWG hangers from China were better than those offered by U.S. producers. The importer also reported that it was easier to work with Chinese companies because of their similar ethnicity. Another importer stated that U.S. producers were not willing to negotiate prices and stated that many feared other existing distributors would discontinue their relationship if the U.S. producers did business with Chinese distributors.

Comparison of Domestic Products, Subject Imports, and Nonsubject Imports

Producers and importers were asked to report how frequently SWG hangers from different countries are interchangeable (table II-3). The three responding U.S. producers who reported having knowledge of both Chinese and U.S.-produced SWG hangers reported that Chinese and U.S.-produced SWG hangers were always interchangeable. Similarly, 11 importers who reported having knowledge of both Chinese and U.S.-produced SWG hangers reported that Chinese and U.S.-produced SWG hangers were always interchangeable, while two reported that they were frequently interchangeable, and one reported that they were sometimes interchangeable.

Table II-3

SWG hangers: U.S. producers' and importers' perceived degree of interchangeability of products produced in the United States and other countries¹

Country comparison	U.S. producers					U.S. importers				
	A	F	S	N	0	A	F	S	N	0
U.S. vs. China	3	0	0	0	1	11	2	1	0	2
U.S. vs. Nonsubject	4	0	0	0	11	6	0	0	0	33
China vs. Nonsubject	4	0	0	0	11	9	0	0	0	29

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

Note: "A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never, and "0" = No familiarity.

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

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

U.S. PRODUCERS

The petition identified three current and seven former U.S. producers of SWG hangers. The Commission received completed questionnaire responses from the petitioner and from three of the other seven firms identified in the petition.¹ Table III-1 presents U.S. producers' positions on the petition, ownership, plant locations, and shares of total reported U.S. production in 2006.

Table III-1

SWG hangers: U.S. producers, positions on the petition, ownership, plant locations, and shares of total reported U.S. production, 2006

Firm	Position on petition	Firm ownership	U.S. plant location(s)	2006 U.S. production	
				Quantity (1,000 hangers)	Share (percent)
Ganchos ¹	(²)	(²)	Puerto Rico	***	***
Laidlaw ³	Oppose	none	Metropolis, IL; Monticello, WI	***	***
M&B	Support	none	Leeds, AL; South Hill, VA	***	***
Metro	Support	none	Montebello, CA	***	***
Nagel Manufacturing ⁴	(²)	(²)	Caldwell, TX	***	***
Navisa ⁵	(²)	(²)	Houston, TX	***	***
Shanti ⁶	(²)	(²)	Lake Forest, CA; Monticello, WI	***	***
United Wire ⁷	Oppose	none	Bergen County, NJ	***	***
Total				***	100.0

¹ Ganchos did not respond to Commission requests for data. All data presented here are from the petition.

² Not provided.

³ Stopped production in 2007.

⁴ Stopped production in 2004.

⁵ Navisa did not respond to Commission requests for data; all data presented here are from the petition. Navisa stopped production in 2007.

⁶ Purchased Laidlaw's Monticello, WI plant and began production in 2007.

⁷ Stopped production in 2006.

Note.—Total U.S. production in this table includes estimates for Ganchos, Nagel Manufacturing, and Navisa which are not included elsewhere in this report.

Source: Compiled from data submitted in response to Commission questionnaires and from Petition, exhibits 5, 7, and 8.

¹ Current producers M&B and Metro Supply Co. ("Metro") and former producers Laidlaw and United Wire responded to questionnaires. Additionally, the Commission did not receive questionnaires from current producers Ganchos and Shanti and from former producers Nagel Manufacturing, Navisa, Rocky Mountain Hanger Manufacturing, and East West Enterprises. Former producer CHC ceased operations in 2003, prior to the period for which data were collected.

Table III-1 has estimated production for Ganchos N.V (“Ganchos”), Navisa, and Shanti Industries (“Shanti”), companies that did not respond to the Commission’s questionnaire or other requests for data but actively produced SWG hangers during at least a portion of the period 2006-07. Two producers support the petition, two oppose it, and the remainder have not responded. Producers accounting for *** percent of U.S. production in 2006 support the petition, producers accounting for *** percent oppose the petition, and producers accounting for *** percent have expressed no position. Table III-2 presents important industry events since 2003.

Table III-2
SWG hangers: Important industry events, 2003-07

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.
	U.S. Hanger	Shut down operations.
2005	Laidlaw	Closed its Kingman, AZ plant in August.
	M&B	Closed South Hill, VA plant, laying off 67 employees.
	United Wire	Reduced production, laying off approximately 100 employees.
2006	Laidlaw	Closed its plant in Ontario in April, its plant in Metropolis, IL in September, and its plant in Wisconsin in December; was purchased by SilkRoad Resources.
	United Wire	Closed its plant in New Jersey, discontinued domestic production, laying off *** employees, and now acts as a distributor of Chinese garment hangers.
2007	Laidlaw	Closed its Wisconsin factory, laying off 90 employees.
	M&B	Reduced production, laying off 20 employees.
	Navisa	Closed its plant in April, laying off 70 employees, and its equipment is scheduled to be auctioned by a liquidator.
	Shanti	Purchased the Wisconsin facility formerly operated by Laidlaw.
Source: Compiled from information submitted in response to Commission questionnaires, the petition, postconference briefs, and from the conference transcript.		

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

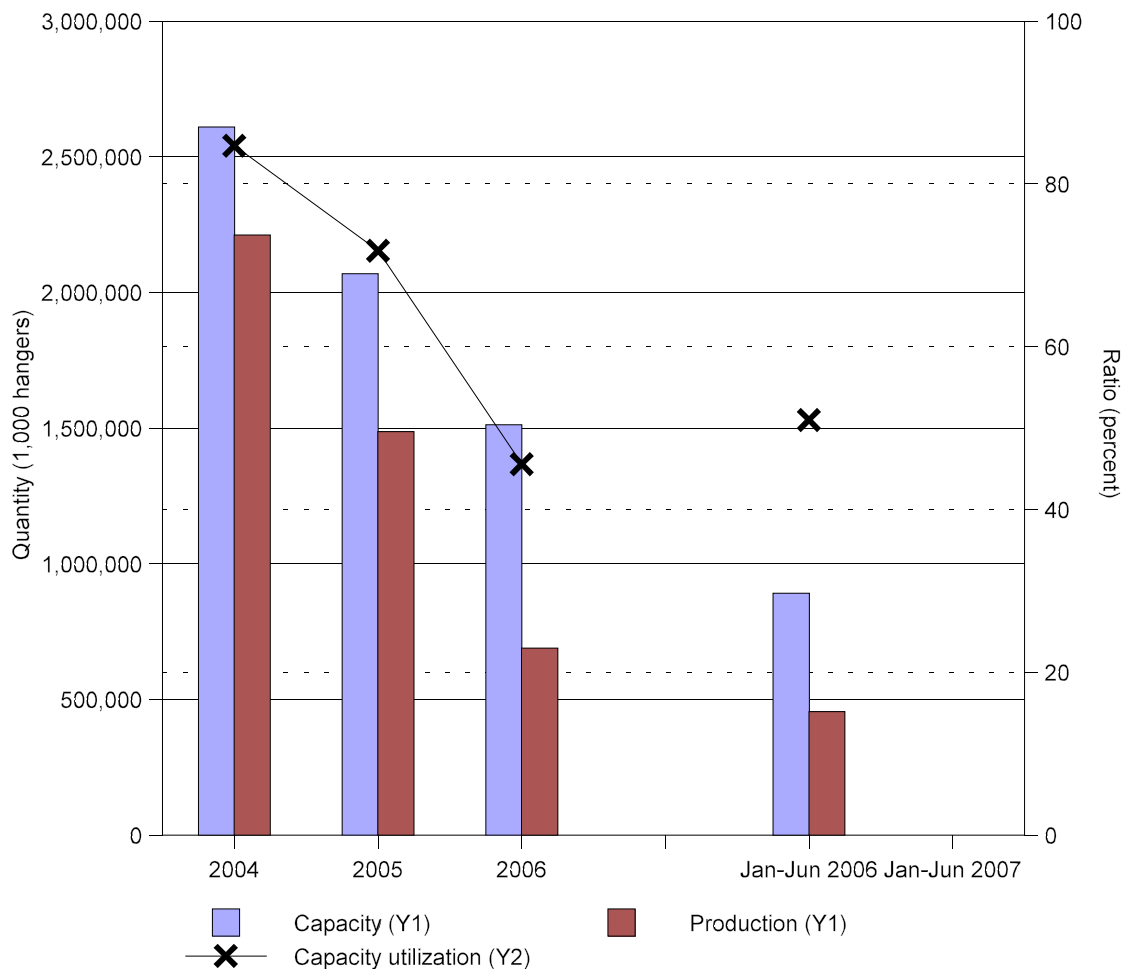
Table III-3 presents data on U.S. producers' capacity, production, and capacity utilization between 2004 and 2006, and interim data for 2006 and 2007.² The data are graphically presented in figure III-1.

Table III-3
SWG hangers: U.S. capacity, production, and capacity utilization, 2004-06, January-June 2006, and January-June 2007

Item	Calendar year			January-June	
	2004	2005	2006	2006	2007
Capacity: Quantity (1,000 hangers)					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total	2,610,278	2,069,378	1,511,678	891,539	***
Production: Quantity (1,000 hangers)					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total	2,211,559	1,486,650	689,680	454,912	***
Capacity utilization: Ratio (percent)					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Average	84.7	71.8	45.6	51.0	***
Source: Compiled from data submitted in response to Commission questionnaires.					

² The data in this and other tables in Part III are shown on a company-by-company basis and aggregated based on whether SWG hanger production is ongoing or has ceased.

Figure III-1
SWG hangers: U.S. capacity, production, and capacity utilization, 2004-06, January-June 2006, and January-June 2007



Note.--Confidential data in interim 2007 have been suppressed.

Source: Table III-3.

Reported U.S. production of SWG hangers decreased from 2.2 million hangers in 2004 to 689,680 hangers in 2006. Further, production was lower in interim 2007 than in interim 2006. Capacity also fell over the period, and the average capacity utilization for U.S. producers fell from 84.7 percent in 2004 to 45.6 percent in 2006, and was *** percent in interim 2007. U.S. producers' reported capacity decreased by 42.1 percent from 2004 to 2006 and was below apparent U.S. consumption in each year and interim period for which data were collected, such that by January-June 2007 reported capacity was equivalent to only *** percent of apparent U.S. consumption.³

Generally, U.S. producers of SWG hangers reported mill closures and production consolidation and curtailment from 2004 to 2006, consistent with the decreasing levels of capacity and production presented in table III-3. M&B reported the closures of its Virginia plant and other firms' operations due

³ At its plant in Leeds, AL, M&B reported ***. Petitioner's postconference brief, p. 3.

to competition with lower priced Chinese SWG hangers.⁴ Additionally, United Wire ceased production in 2006 and now imports SWG hangers from China ***. Laidlaw reported that it began closing manufacturing plants in order to change its model, moving towards importation, and away from production, of SWG hangers.⁵

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

U.S. PRODUCERS' SHIPMENTS

Table III-4 presents information on U.S. producers' shipments of SWG hangers between 2004 and 2006. **. U.S. producers' U.S. commercial shipments of SWG hangers decreased by 29.7 percent by quantity (and 28.9 percent by value) from 2004 to 2005, and such shipments decreased by a further 51.8 percent by quantity (55.9 percent by value) between 2005 and 2006. Laidlaw and United Wire reported commercial shipments in 2006 were equivalent to only ** percent of the quantity of their 2004 commercial shipments, while **'s 2006 commercial shipments were equivalent to ** percent of the quantity of its 2004 commercial shipments. **'s 2006 commercial shipments were ** its 2004 levels.

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

Table III-5 presents information on U.S. producers' U.S. commercial shipments of hangers by type in 2006. Almost three-quarters of U.S. shipments (by quantity) of SWG hangers in 2006 were uniform rental hangers (54.8 percent of which were latex uniform rental hangers), and uniform rental hangers were nearly two-thirds of the sales value of SWG hangers. Low-volume drapery hangers commanded the highest average unit values, while suit hangers and shirt hangers commanded the lowest average unit values.

⁴ Conference transcript, pp. 34, 37, and 43 (Magrath).

⁵ Conference transcript, pp. 98 (Schultz), 105-107 (Goldman), and questionnaire responses of United Wire and Laidlaw.

Table III-4
SWG hangers: U.S. producers' shipments, by types, and shares, 2004-06, January-June 2006, and January-June 2007

Item	Calendar year			January-June	
	2004	2005	2006	2006	2007
Quantity (1,000 hangers)					
U.S. shipments:					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total U.S. shipments	2,160,009	1,517,601	731,025	455,995	***
Export shipments:					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total export shipments	***	***	***	***	***
Total shipments:					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total shipments	***	***	***	***	***

Table continued on next page.

Table III-4--Continued
SWG hangers: U.S. producers' shipments, by types, and shares, 2004-06, January-June 2006,
and January-June 2007

Item	Calendar year			January-June	
	2004	2005	2006	2006	2007
Value (1,000 dollars)					
U.S. shipments:					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total U.S. shipments	94,305	67,013	29,528	18,821	***
Export shipments:					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total export shipments	***	***	***	***	***
Total shipments:					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total shipments	***	***	***	***	***

Table continued on next page.

Table III-4--Continued
SWG hangers: U.S. producers' shipments, by types, and shares, 2004-06, January-June 2006,
and January-June 2007

Item	Calendar year			January-June	
	2004	2005	2006	2006	2007
Unit value (per 1,000 hangers)					
U.S. shipments:					
M&B	\$***	\$***	\$***	\$***	\$***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total U.S. shipments	43.66	44.16	40.39	41.27	***
Export shipments:					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total export shipments	***	***	***	***	***
Total shipments:					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total shipments	***	***	***	***	***

Table continued on next page.

Table III-4--Continued

SWG hangers: U.S. producers' shipments, by types, and shares, 2004-06, January-June 2006, and January-June 2007

Item	Calendar year			January-June	
	2004	2005	2006	2006	2007
Share of quantity (percent)					
U.S. shipments:					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total U.S. shipments	***	***	***	***	***
Export shipments:					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total export shipments	***	***	***	***	***
Total shipments:					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table III-4--Continued
SWG hangers: U.S. producers' shipments, by types, and shares, 2004-06, January-June 2006,
and January-June 2007

Item	Calendar year			January-June	
	2004	2005	2006	2006	2007
Share of value (percent)					
U.S. shipments:					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total U.S. shipments	***	***	***	***	***
Export shipments:					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total export shipments	***	***	***	***	***
Total shipments:					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0
¹ Not applicable. Note.—Because of rounding, figures may not add to the totals shown. Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-5
Hangers: U.S. producers' U.S. shipments by type of hanger, 2006

Type of hanger	Quantity (1,000 hangers)	Value (\$1,000)	Unit value (per 1,000 hangers)
Steel wire garment hangers:			
Shirt hangers	71,620	2,272	\$31.73
Suit hangers	13,745	416	30.25
Strut hangers	63,877	3,870	60.59
Caped hangers	45,881	2,758	60.12
Drapery hangers	***	***	***
Latex uniform rental hangers	290,150	10,626	36.62
Other uniform rental hangers	238,864	8,925	37.36
Other steel wire garment hangers	***	***	***
Subtotal	731,025	29,528	40.39
Wooden garment hangers	0	0	(¹)
Plastic garment hangers	0	0	(¹)
Aluminum garment hangers	0	0	(¹)
Other garment hangers	0	0	(¹)
Total	731,025	29,528	40.39
¹ Not applicable.			
Source: Compiled from data submitted in response to Commission questionnaires.			

U.S. PRODUCERS' IMPORTS AND PURCHASES

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

Table III-6
SWG hangers: Selected U.S. producers' imports, purchases, and ratios to production, 2004-06, January-June 2006, and January-June 2007

* * * * *

⁶ ***.

Table III-7 presents combined data of three domestic producers' direct imports, purchases of imported product, and purchases from other domestic producers. U.S. producers of SWG hangers sourced SWG hangers from other domestic producers, China (both direct imports and purchases from importers), and directly from Mexico. U.S. producers' imports from China *** from 2004 to 2006, while their imports from nonsubject sources increased by over *** percent. Additionally, U.S. producers' purchases of SWG hangers imported from China more than *** by 2006. The ratio of imports to production increased from *** percent in 2004 to *** percent in 2006. *** imported *** of SWG hangers it produced (mostly from ***); *** imported *** of SWG hangers it produced, and *** imported and purchased from subject sources *** it produced. These ratios were *** in January-June 2007 (or in the case of *** reflected *** on imported SWG hangers). The reasons cited for making these imports and purchases are presented in table III-6.

Table III-7
SWG hangers: U.S. producers' imports, purchases, and ratios to production, 2004-06, January-June 2006, and January-June 2007

* * * * *

U.S. PRODUCERS' INVENTORIES

Table III-8, which presents end-of-period inventories for SWG hangers, shows that inventories were relatively low as a ratio to production and shipments over the period. Inventories as a ratio to production were lower in the interim period January-June 2007 than in January-June 2006.

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-9 presents data on U.S. producers' employment-related indicia. Employment of production-related workers ("PRWs") in the U.S. SWG hanger industry declined by 59.4 percent between 2004 and 2006, and hours worked decreased by 68.8 percent.⁷ Wages paid to PRWs also declined from 2004 to 2006, as did unit labor costs, but hourly wages increased. Productivity fluctuated from 2004 to 2006, and was up in interim period January-June 2007 compared to January-June 2006.

⁷ Employees that formerly produced SWG hangers at Laidlaw and United Wire were not absorbed within their continuing businesses, but instead were laid off. Conference transcript, p. 139 (Schultz, Goldman).

Table III-8
SWG hangers: U.S. producers' end-of-period inventories, 2004-06, January-June 2006, and
January-June 2007

Item	Calendar year			January-June	
	2004	2005	2006	2006	2007
Inventories (1,000 hangers):					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total	110,846	71,861	26,810	67,779	***
Ratio to production (percent):					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Average	5.0	4.8	3.9	7.5	***
Ratio to U.S. shipments (percent):					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Average	5.1	4.7	3.7	7.4	***
Ratio to total shipments (percent):					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Average	***	***	***	***	***
¹ Not applicable.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-9
SWG hangers: U.S. producers' employment-related data, 2004-06, January-June 2006, and
January-June 2007

Item	Calendar year			January-June	
	2004	2005	2006	2006	2007
Production and related workers (PRWs):					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total	564	446	229	236	***
Hours worked by PRWs (1,000 hours):					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total	1,344	978	420	326	***
Hours worked per PRW:					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total	2,383	2,193	1,834	1,381	***
Wages paid to PRWs (1,000 dollars):					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Total	15,697	13,894	6,064	4,748	***

Table continued on next page.

Table III-9--Continued

SWG hangers: U.S. producers' shipments, by types, and shares, 2004-06, January-June 2006, and January-June 2007

Item	Calendar year			January-June	
	2004	2005	2006	2006	2007
Hourly wages:					
M&B	\$***	\$***	\$***	\$***	\$***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Average	11.68	14.21	14.44	14.56	***
Productivity (1,000 hangers produced per hour):					
M&B	***	***	***	***	***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Average	1,646	1,520	1,642	1,395	***
Unit labor costs (per 1,000 hangers):					
M&B	\$***	\$***	\$***	\$***	\$***
Metro	***	***	***	***	***
Subtotal	***	***	***	***	***
Laidlaw	***	***	***	***	***
United Wire	***	***	***	***	***
Subtotal	***	***	***	***	***
Average	7.10	9.35	8.79	10.44	***
¹ Not applicable. Note.--***. Source: Compiled from data submitted in response to Commission questionnaires.					

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

U.S. IMPORTERS

Table IV-1 presents information on U.S. importers. All of the importers that submitted data in response to the Commission's U.S. importers' questionnaire indicated that they imported SWG hangers from China. These 22 firms' imports of SWG hangers from China account for (***) percent) of total U.S. imports from China by quantity in 2006, as measured in official Commerce statistics.

*** of the importers that submitted data in response to the Commission's U.S. importers' questionnaire indicated that they imported SWG hangers from Mexico: U.S. producer M&B and ***. These *** firms' imports of SWG hangers from Mexico are believed to account for nearly all of U.S. imports from Mexico by quantity in 2006.

**Table IV-1
SWG hangers: U.S. importers and imports, by source, 2006**

Importer	China	All others	China	All others	Share of total imports ¹
	Quantity (1,000 hangers)		Share by source (percent) ¹		(percent)
Ace Capital LLC	***	***	***	***	***
All Best Distributors, Inc.	***	***	***	***	***
ANA Systems, LLC	***	***	***	***	***
Chung Hwa Prince Group, Inc.	***	***	***	***	***
GoSource USA, LLC	***	***	***	***	***
KC Supply Corp.	***	***	***	***	***
Laidlaw	***	***	***	***	***
M&B	***	***	***	***	***
Micom CHB, Inc.	***	***	***	***	***
NC Supply Inc.	***	***	***	***	***
NuClean Supply, Inc.	***	***	***	***	***
Peter Paul Yee	***	***	***	***	***
Richard Homewares, Inc.	***	***	***	***	***
Royce Hangers, Inc. ²	***	***	***	***	***
SouthWest Laundry & Cleaning Supply, Inc.	***	***	***	***	***
Sunrise Display, Inc.	***	***	***	***	***
Texas Cleaners Supply, Inc. ³	***	***	***	***	***
Tradenet Enterprise, Inc.	***	***	***	***	***
Tyler International Trade, LLC	***	***	***	***	***
United Wire	***	***	***	***	***
Willert Home Products, Inc. ⁴	***	***	***	***	***
Winca Inc	***	***	***	***	***
Y&S International Trading, Inc.	***	***	***	***	***
Subtotal	***	***	***	***	***
Official Commerce imports	1,777,680	312,182			

¹ Shares are based on official import statistics.

² Closed in 2004.

³ ***.

⁴ Reported importing from ***.

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

U.S. IMPORTS

Imports from Subject and Nonsubject Sources

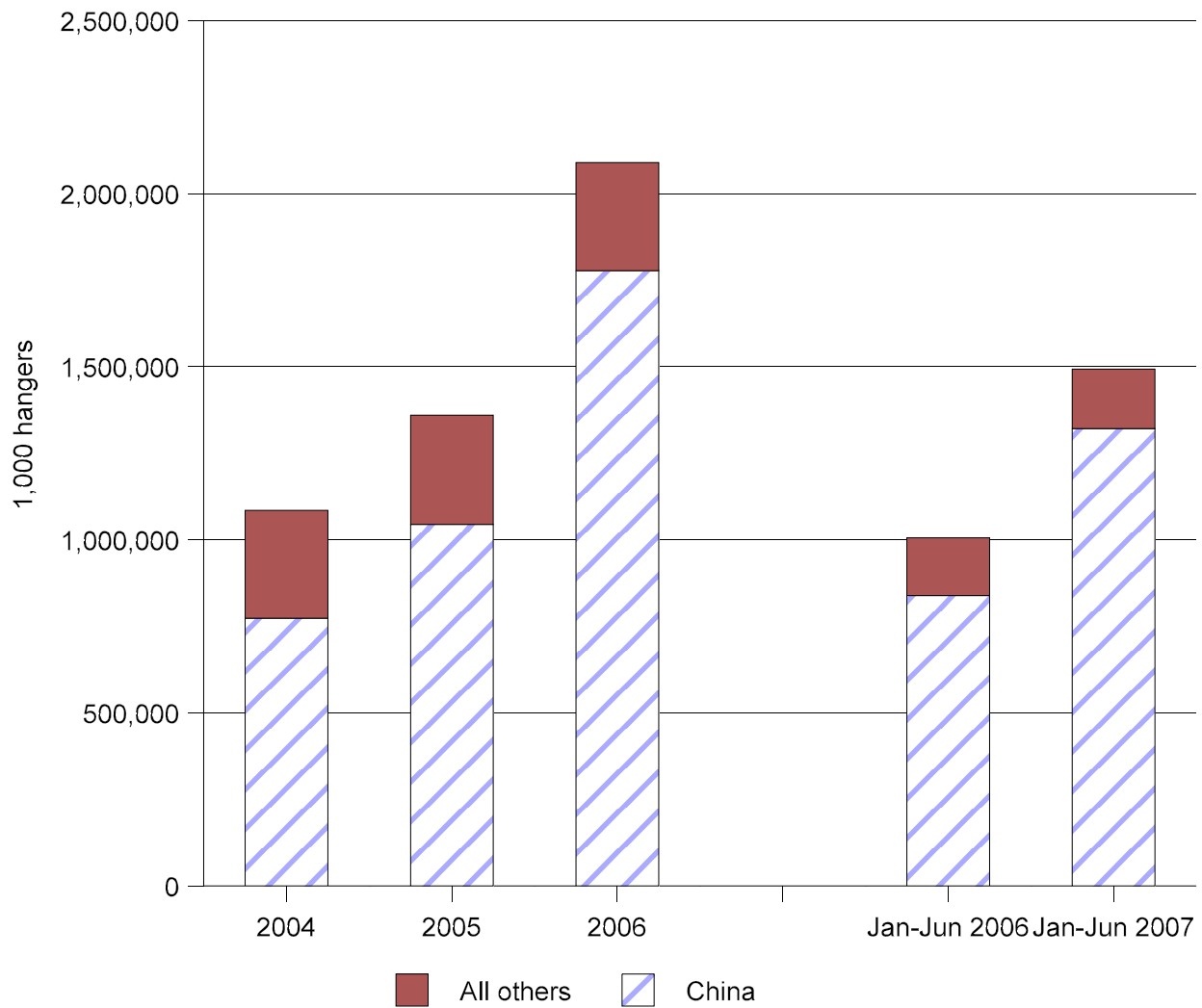
Table IV-2 and figure IV-1 present and depict U.S. imports of SWG hangers during 2004 to 2006 and January-June 2006 and 2007. U.S. import data are based on official Commerce statistics of SWG hangers.¹ U.S. imports of SWG hangers from China more than doubled, rising from 774 million SWG hangers in 2004 to nearly 1.8 billion hangers in 2006, and exceeded 1.3 billion hangers in the first half of 2007. U.S. imports from all other sources, in contrast, remained generally stable over the period for which data were collected.

Table IV-2
SWG hangers: U.S. imports, by sources, 2004-06, January-June 2006, and January-June 2007

Source	Calendar year			January-June	
	2004	2005	2006	2006	2007
Quantity (1,000 hangers)					
China	773,684	1,044,701	1,777,680	838,943	1,321,194
Other sources	311,488	315,631	312,182	167,253	172,315
Total	1,085,172	1,360,331	2,089,862	1,006,196	1,493,509
Value (1,000 dollars)¹					
China	31,007	39,445	56,335	26,673	38,858
Other sources	10,947	12,231	10,928	5,745	5,746
Total	41,954	51,677	67,263	32,419	44,604
Unit value (per 1,000 hangers)¹					
China	\$40.08	\$37.76	\$31.69	\$31.79	\$29.41
Other sources	35.14	38.75	35.01	34.35	33.35
Total	38.66	37.99	32.19	32.22	29.87
Share of quantity (percent)					
China	71.3	76.8	85.1	83.4	88.5
Other sources	28.7	23.2	14.9	16.6	11.5
Total	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
China	73.9	76.3	83.8	82.3	87.1
Other sources	26.1	23.7	16.2	17.7	12.9
Total	100.0	100.0	100.0	100.0	100.0
¹ Landed, duty-paid.					
Source: Compiled from official Commerce statistics.					

¹ HTS statistical reporting number 7326.20.0020.

Figure IV-1
SWG hangers: Quantity of subject and nonsubject U.S. imports, 2004-06, January-June 2006, and January-June 2007



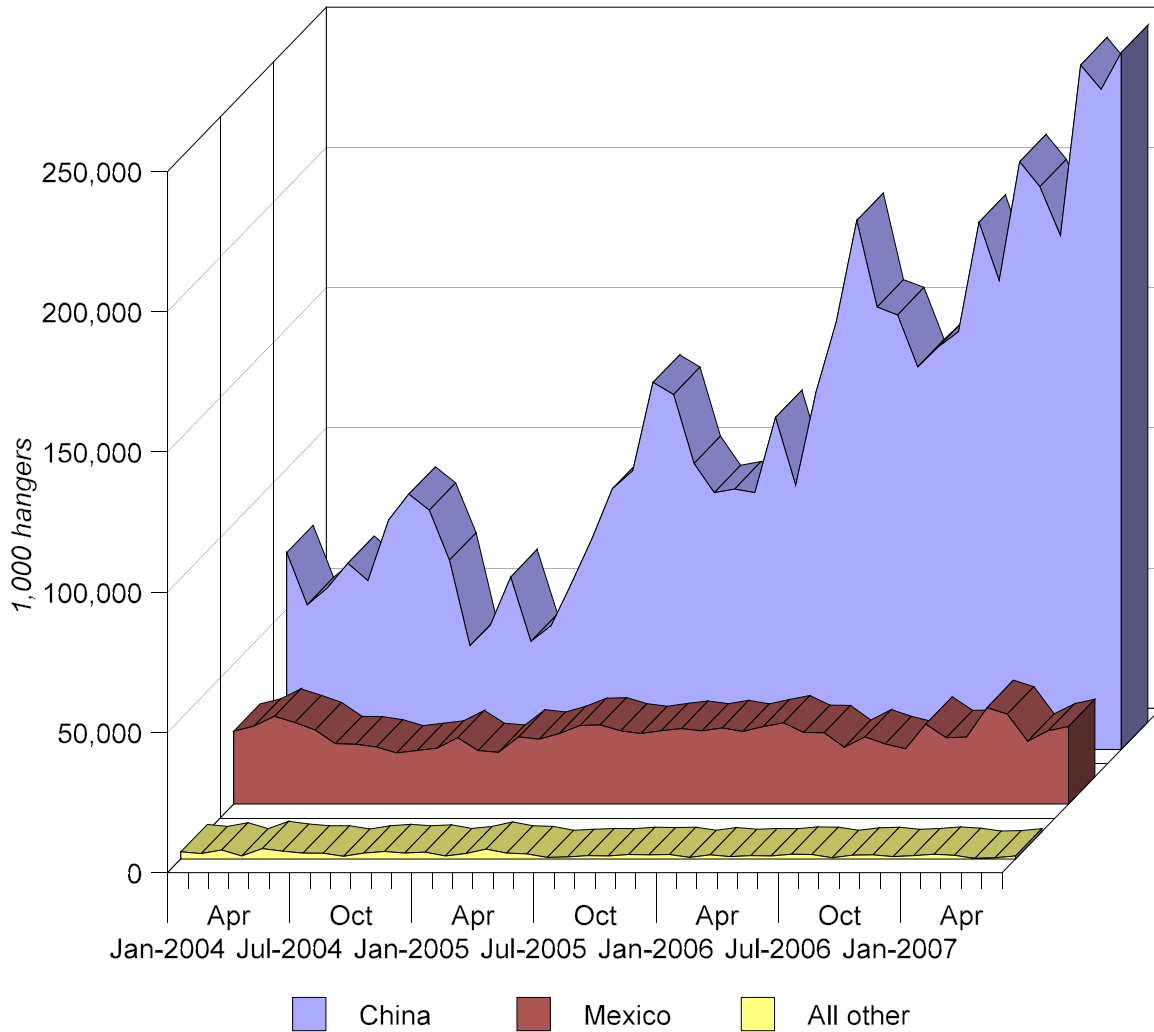
Source: Table IV-2.

As shown in table IV-3, China is the largest single source of U.S. imports of SWG hangers. Mexico (accounting for 14.3 percent of total U.S. imports of SWG hangers during 2006), Canada (0.4 percent), Korea (0.1 percent), Taiwan (0.1 percent), and 30 other countries (generally less than 0.05 percent of 2006 imports) also exported SWG hangers to the United States during the period for which data were collected. These nonsubject imports increased by less than one percent during 2004-06. Additionally, in interim period 2007, nonsubject imports were 3.0 percent higher than in January-June 2006. Figure IV-2 presents monthly imports from China, Mexico, and all other sources over the period for which data were collected.

Table IV-3
SWG hangers: U.S. imports, by sources, 2004-06, January-June 2006, and January-June 2007

Source	Calendar year			January-June	
	2004	2005	2006	2006	2007
Quantity (1,000 hangers)					
China	773,684	1,044,701	1,777,680	838,943	1,321,194
Canada	11,340	12,092	7,498	4,683	3,334
Colombia	5,688	2	0	0	0
Korea	0	22	2,662	415	621
Mexico	284,744	296,503	298,282	160,668	166,652
Taiwan	4,710	4,149	2,418	678	235
Other sources	10,694	2,864	1,322	809	1,474
Total	1,085,172	1,360,331	2,089,862	1,006,196	1,493,509
Value (1,000 dollars)¹					
China	31,007	39,445	56,335	26,673	38,858
Canada	956	1,177	889	458	412
Colombia	173	3	0	0	0
Korea	3	24	148	49	39
Mexico	8,577	9,291	9,269	4,856	5,195
Taiwan	664	1,379	341	218	7
Other sources	747	360	282	164	94
Total	41,954	51,677	67,263	32,419	44,604
Unit value (per 1,000 hangers)¹					
China	\$40.08	\$37.76	\$31.69	\$31.79	\$29.41
Canada	84.29	97.34	118.51	97.83	123.67
Colombia	30.50	1,456.50	(²)	(²)	(²)
Korea	14,704.35	1,062.89	55.44	117.84	62.24
Mexico	30.12	31.34	31.08	30.23	31.17
Taiwan	140.98	332.42	140.97	321.21	28.11
Other sources	69.84	125.78	213.22	202.86	63.97
Total	38.66	37.99	32.19	32.22	29.87
¹ Landed, duty-paid. ² Not applicable.					
Source: Compiled from official Commerce statistics.					

Figure IV-2
SWG hangers: Monthly imports



Source: Compiled from official Commerce statistics.

The quantity of subject imports increased by 35.0 percent between 2004 and 2005 and by 70.2 percent between 2005 and 2006, raising the share of total imports accounted for by subject imports from 71.3 percent in 2004 to 85.1 percent in 2006. Total imports increased during 2004-06 by 92.6 percent. This increase in imports was almost entirely accounted for by subject imports.

According to the import data presented in table IV-2, subject imports from China in 2004 had a higher average unit value than that for nonsubject imports. However, in 2005 and 2006, while the average unit values for nonsubject imports remained relatively stable, the average unit values for imports from China decreased to levels lower than those of nonsubject imports. In January-June 2007, the

average unit value for nonsubject imports did begin to decrease, however, the average unit value for Chinese imports remained lower.²

Negligibility

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.³ Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.⁴ Subject imports accounted for 87.7 percent of total imports of SWG hangers by quantity between July 2006 and June 2007.⁵

U.S. Imports by Type

Table IV-4 presents data on reported 2006 U.S. imports of SWG hangers by type. In 2006, shirt hangers comprised 32.1 percent of U.S. imports of SWG hangers from China by quantity, followed by strut hangers at 22.2 percent, and caped hangers at 17.8 percent. All other types of hangers made up 10 percent or less of U.S. imports. Drapery hangers had the highest average unit value among identified hanger types (i.e., excluding “other” SWG hangers), at \$54.74 per 1,000 hangers, followed by strut hangers at \$40.53. At \$27.98, shirt hangers had the lowest average unit value. Importers who imported SWG hangers from China also imported nonsubject wooden and plastic garment hangers, but in relatively small volumes.

² However, as shown in table IV-3, until January-June 2007, the average unit values of U.S. imports from Mexico, the single largest nonsubject source, were lower than those of U.S. imports from China.

³ Section 733(a)(1) of the Act.

⁴ Section 771(24) of the Act.

⁵ Calculated from official Commerce statistics.

Table IV-4
Hangers: Reported U.S. imports from China, by type, 2006

Item	Quantity (1,000 hangers)	Value (1,000 dollars)	Unit value (dollars per 1,000 hangers)
Subject:			
Shirt hangers	380,343	10,641	\$27.98
Suit hangers	116,458	3,437	29.51
Strut hangers	263,041	10,660	40.53
Caped hangers	211,198	6,817	32.28
Drapery hangers	6,354	348	54.74
Latex uniform rental hangers	98,365	3,460	35.18
Other uniform hangers	58,872	1,821	30.93
Other SWG hangers	48,878	6,563	134.28
Subtotal (SWG hangers)	1,183,508	43,747	36.96
Nonsubject:			
Wooden garment hangers	9,618	4,711	489.81
Plastic garment hangers	5,280	630	119.25
Aluminum hangers	0	0	(¹)
Other garment hangers	0	0	(¹)
Subtotal other hangers	14,898	5,341	358.48
Total	1,198,406	49,088	40.96
¹ Not applicable.			
Source: Compiled from data submitted in response to Commission questionnaires.			

U.S. Imports by Geographic Markets

Table IV-5 presents the Customs districts of entry for subject imports of SWG hangers from 2004 to 2006. Los Angeles, CA, was the largest district of entry for imports from China, accounting for 43 percent of total subject imports from 2004 to 2006 and more than two times the quantity of imports landed at any other port. New York, NY, was the next largest port with 17 percent of subject imports. Three of the top four ports of entry were on the West Coast.

Table IV-5
SWG hangers: U.S. imports from China, by Customs district, 2004-06, January-June 2006, and
January-June 2007

Customs district	Calendar year			January-June	
	2004	2005	2006	2006	2007
Quantity (1,000 hangers)					
Los Angeles, CA	330,413	471,630	752,838	379,988	509,070
New York, NY	140,904	90,557	368,070	157,758	227,702
Seattle, WA	38,037	91,166	111,490	62,784	139,097
San Francisco, CA	40,260	83,810	103,798	46,420	73,094
Houston-Galveston, TX	58,188	74,208	67,201	24,414	72,539
Savannah, GA	21,898	42,887	63,792	41,666	45,476
Baltimore, MD	42,752	27,863	54,070	20,536	32,108
Norfolk, VA	16,921	45,747	45,249	21,487	19,083
Miami, FL	24,100	11,028	22,183	13,423	14,951
Chicago, IL	4,871	14,962	28,486	13,009	21,496
Dallas-Fort Worth, TX	15,082	12,938	26,320	7,560	15,058
Charlotte, NC	1,552	21,160	18,889	7,187	12,557
Tampa, FL	5,240	5,098	21,418	11,051	20,331
Charleston, SC	7	8,630	9,980	1,660	29,695
St. Louis, MO	8,640	1,295	15,102	5,381	19,128
Boston, MA	0	8,618	11,184	2,457	8,128
Columbia-Snake, OR	2,835	5,055	12,337	5,532	6,309
Great Falls, MT	7,542	4,848	8,650	7,773	2,216
Minneapolis, MN	716	2,908	5,409	1,996	11,705
Philadelphia, PA	2,970	1,580	4,174	70	11,244
San Juan, PR	842	5,859	2,560	625	10,053
Detroit, MI	7,462	2,923	4,713	1,566	2,346
Cleveland, OH	197	2,860	6,808	156	4,031
New Orleans, LA	621	2,027	2,986	1,167	4,380
Mobile, AL	270	0	3,583	346	6,076
Honolulu, HI	919	2,529	3,299	1,666	3,108
Nogales, AZ	6	2,277	0	0	0
El Paso, TX	0	0	1,974	575	15
Buffalo, NY	435	235	160	75	201
San Diego, CA	0	0	956	612	0
Ogdensburg, NY	5	0	0	0	0
Anchorage, AK	0	0	3	2	0
Total	773,684	1,044,701	1,777,680	838,943	1,321,194

Source: Compiled from official Commerce statistics.

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

Table IV-6 presents data on the apparent U.S. consumption of SWG hangers. Table IV-7 presents data on U.S. market shares. Figure IV-3 graphically presents data on apparent U.S. consumption and U.S. market shares.

Table IV-6
SWG hangers: Apparent U.S. consumption, by sources, 2004-06, January-June 2006, and January-June 2007

Item	Calendar year			January-June	
	2004	2005	2006	2006	2007
Quantity (1,000 hangers)					
U.S. producers' shipments	2,160,009	1,517,601	731,025	455,995	***
U.S. imports from-- China	773,684	1,044,701	1,777,680	838,943	1,321,194
All other sources	311,488	315,631	312,182	167,253	172,315
Total imports	1,085,172	1,360,331	2,089,862	1,006,196	1,493,509
Apparent U.S. consumption	3,245,181	2,877,932	2,820,887	1,462,191	***
Value (1,000 dollars)					
U.S. producers' shipments	94,305	67,013	29,528	18,821	***
U.S. imports from-- China	31,007	39,445	56,335	26,673	38,858
All other sources	10,947	12,231	10,928	5,745	5,746
Total imports	41,954	51,677	67,263	32,419	44,604
Apparent U.S. consumption	136,259	118,690	96,791	51,240	***
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.					

Over the period for which data were collected, total apparent U.S. consumption decreased. Imports nearly doubled between 2004 and 2006 while U.S. producers' U.S. shipments decreased by nearly two-thirds. From 2004 to 2006, imports of SWG hangers from China increased by 130 percent, while imports increased marginally from nonsubject sources. Imports from China and nonsubject sources increased between the interim periods.

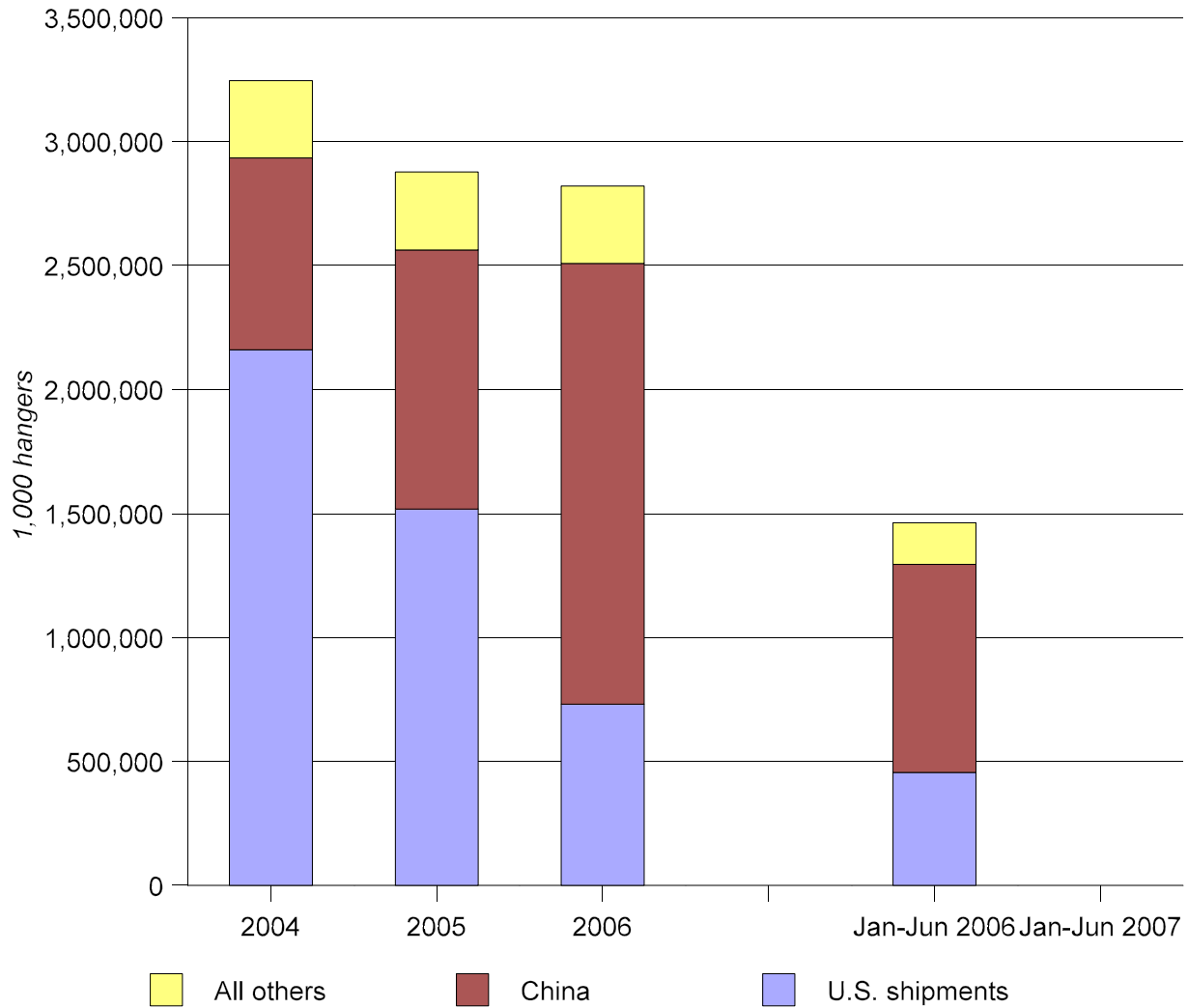
Table IV-7

SWG hangers: Apparent U.S. consumption and market shares, by sources, 2004-06, January-June 2006, and January-June 2007

Item	Calendar year			January-June	
	2004	2005	2006	2006	2007
Quantity (1,000 hangers)					
Apparent U.S. consumption	3,245,181	2,877,932	2,820,887	1,462,191	***
Value (1,000 dollars)					
Apparent U.S. consumption	136,259	118,690	96,791	51,240	***
Share of quantity (percent)					
U.S. producers' U.S. shipments	66.6	52.7	25.9	31.2	***
U.S. imports from-- China	23.8	36.3	63.0	57.4	***
Nonsubject countries	9.6	11.0	11.1	11.4	***
All countries	33.4	47.3	74.1	68.8	***
Share of value (percent)					
U.S. producers' U.S. shipments	69.2	56.5	30.5	36.7	***
U.S. imports from-- China	22.8	33.2	58.2	52.1	***
Nonsubject countries	8.0	10.3	11.3	11.2	***
All countries	30.8	43.5	69.5	63.3	***
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.					

U.S. producers' U.S. shipments' share of the quantity and value of apparent U.S. consumption of SWG hangers decreased from 2004 to 2006, while imports from China increased in both share of quantity and share of value. Subject imports accounted for a higher percentage of the U.S. market with respect to quantity than with respect to value in each year. Throughout the period for which data were collected, nonsubject imports accounted for a relatively stable share of the market in terms of quantity and value (in 2006, nonsubject imports accounted for 11.1 percent of the U.S. market by quantity, and 11.3 percent of the U.S. market by value).

Figure IV-3
SWG hangers: Apparent U.S. consumption, by sources, 2004-06, January-June 2006, and January-June 2007



Note.--Confidential data in interim 2007 have been suppressed.

Source: Table IV-6.

Table IV-8 presents information on the ratio of subject and nonsubject imports to U.S. production of SWG hangers. Subject imports increased from 35.0 percent of U.S. production in 2004 to 257.8 percent of U.S. production in 2006. Nonsubject imports also increased over this period, but remained less than 50 percent of the quantity of U.S. production. Imports from China and from nonsubject sources exceeded U.S. production in January-June 2007.

Table IV-8
SWG hangers: Ratios of U.S. imports to U.S. production, by sources, 2004-06, January-June 2006, and January-June 2007

Item	Calendar year			January-June	
	2004	2005	2006	2006	2007
U.S. production (in 1,000 hangers)	2,211,559	1,486,650	689,680	454,912	***
Ratio to U.S. production (percent)					
U.S. imports from-- China	35.0	70.3	257.8	184.4	***
Nonsubject countries	14.1	21.2	45.3	36.8	***
All countries	49.1	91.5	303.0	221.2	***
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.					

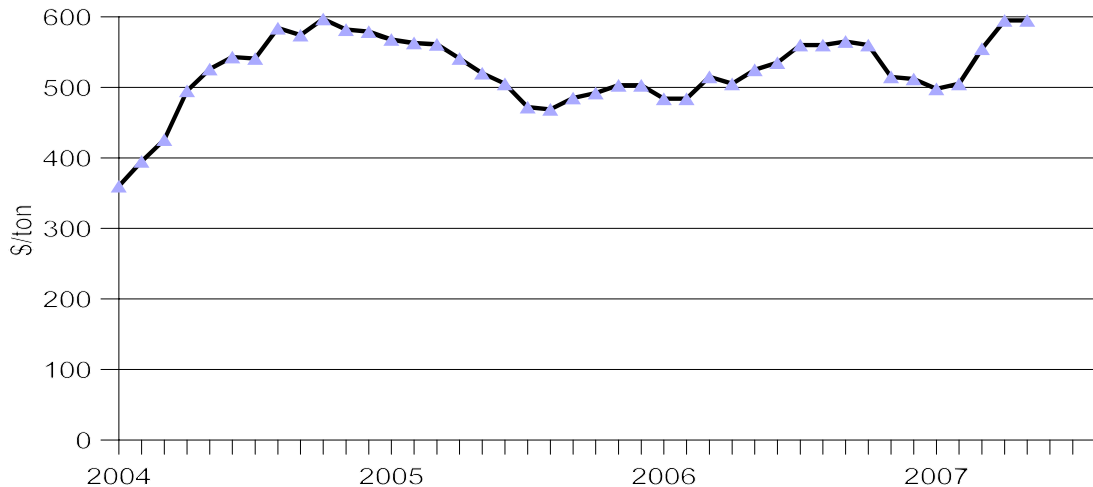
PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Materials

The primary raw material used in the production of SWG hangers in the United States is low-carbon steel wire. Producers can either form the wire from wire rod (in an “integrated” production operation) or purchase pre-made wire (in a “non-integrated” operation). U.S. producers reported that raw material costs as a percentage of cost of goods increased from *** percent in 2004 to *** percent in January-June 2007. The importance of wire materials costs reflected the rapid rise in the price of wire rod in 2004 and continued higher prices thereafter. Figure V-1 shows monthly prices of wire rod from January 2004 through August 2007.¹ Overall, prices of mesh wire rod rose by 65.3 percent from January 2004 to August 2007.

Figure V-1
Mesh wire rod: U.S. domestic prices, f.o.b., Midwest, monthly, January 2004-August 2007



Source: *Purchasing Magazine*.

Transportation Costs to the U.S. Market

Transportation costs for SWG hangers from China to the United States (excluding U.S. inland costs) in 2006 are estimated to be approximately 20.6 percent of the customs value for subject product from China, being slightly down from 23.3 percent in 2004. These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.²

¹ Prices shown are for mesh wire rod.

² These estimates are based on HTS statistical reporting number 7326.20.0020.

U.S. Inland Transportation Costs

U.S. inland transportation costs, as a percent of total delivered cost for SWG hangers, were reported by three U.S. producers to be between 3 percent and 10 percent, with one responding U.S. producer reporting transportation costs of 100 percent of the delivered price.³ The 18 responding Chinese importers reported that U.S. inland transportation costs generally ranged from 0.2 percent and 25 percent of the total delivered costs, with 14 reporting transportation costs of 10 percent or less. All U.S. producers and nearly all U.S. importers reported that their firm arranged for transportation. Producers and importers were also asked to estimate the percentage of their sales that occurred within certain distance ranges. On average, U.S. producers responded that 46.3 percent of their sales occurred within 100 miles, 48.8 percent between 101 and 1,000, and 5.0 percent more than 1,000 miles. Seven of 14 responding importers reported shipping at least 52.6 percent of their shipments were within 100 miles; five reported shipping at least 28.7 percent of their sales between 101 and 1,000 miles; and one reported shipping at least 18.7 percent of its sales more than 1,000 miles.

Exchange Rates

From January 2004 to June of 2005, the Chinese currency was pegged at 8.28 yuan per U.S. dollar. There was a small revaluation in the third quarter of 2005, raising the value of the Chinese yuan to 8.14 yuan per dollar after which the yuan was moved to a partial float against the dollar. The yuan appreciated further in the fourth quarter of 2005, averaging 8.08 yuan per dollar. The yuan continued to appreciate in 2006, averaging 7.97 yuan per dollar.

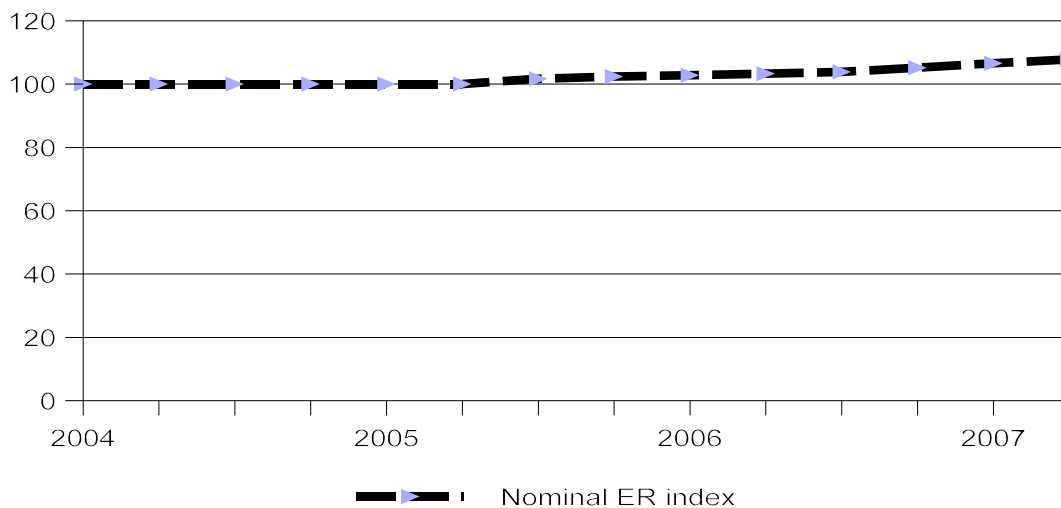
Figure V-2 shows the quarterly nominal exchange rate index of the Chinese yuan relative to the U.S. dollar during January 2004-March 2007.⁴ The nominal exchange rate for the Chinese yuan vis-a-vis the U.S. dollar remained stable during January 2004-June 2005, with some appreciation (6.6 percent) of the Chinese yuan against the U.S. dollar by January-March 2007.⁵

³ These data are from U.S. producers who produced during the period, but now there is only one domestic national U.S. producer of SWG hangers.

⁴ Producer price data in China were not available to calculate real exchange rates of the yuan vis-a-vis the U.S. dollar during January 2004-June 2007.

⁵ The Chinese government effectively pegged the yuan to the U.S. dollar at 8.28 yuan per dollar during the early part of this period. On July 21, 2005, the Chinese government announced that it would no longer peg the yuan to the U.S. dollar but would tie the yuan to a basket of currencies. Within this new basket, the yuan was revalued upward against the U.S. dollar by 2.1 percent, or from 8.28 yuan per dollar under the old peg to 8.11 yuan per dollar under the new exchange rate policy. The Chinese government has not disclosed which currencies are in the new basket, but indicated that the weight of the U.S. dollar represented less than 50 percent of the new basket of currencies.

Figure V-2
Nominal exchange rate indices of the Chinese yuan relative to the U.S. dollar, by quarters, January 2004-March 2007



Note.--Index (Jan.-Mar. 2004=100). Exchange rates are in U.S. dollars per Chinese yuan.

Source: International Monetary Fund, *International Financial Statistics*, February 2006 and May 2007.

PRICING PRACTICES

Pricing Methods

SWG hangers are generally sold on a spot basis. Two of the four responding U.S. producers, including ***, reported that *** percent of their sales were made on a spot basis, with the third reporting that *** percent of its sales were made on a spot basis and *** percent of its sales were made on a short-term contract basis with contracts lasting three months. This producer also reported that its contracts did ***. Twelve of 19 responding importers also reported that 100 percent of their sales were made on a spot basis, while 3 reported that 2 percent, 20 percent, and 10 percent, respectively, of their sales were made on a spot basis. Three importers reported that at least 80 percent of their sales were on a short term contract basis; one importer reported that long-term sales accounted for 100 percent of its sales; and the remaining importers reported that they accepted orders as needed.

Responding U.S. producers reported making at least 75 percent of their sales from inventory. Lead times for sales from inventory were 3 days to a week while lead times on product-to-order averaged 7 days. Responding importers also sell both from inventory and on a produced-to-order basis. Five of 18 responding importers reported making 100 percent of their sales from inventory, with another 4 importers reported that at least 75 percent of their sales were from inventory. Six responding importers reported 100 percent of their sales were on a produce-to-order basis. Reported lead times on sales from inventory made by importers ranged from 2 days to two weeks while lead times on produced-to-order sales range from 30 days to 90 days, with 5 of the responding importers that sold on a produce-to-order basis reporting lead times of at least 30 days. Two of the four responding U.S. producers reported having a price list, another producer reported determining prices through transaction-by-transaction negotiations, and the remaining producer used verbal contracts for multiple shipments.

Eight of 17 responding importers reported determining price through transaction-by-transaction negotiations. Five responding importers reported using price lists, although some of these also relied on negotiations. Five responding importers reported using a “cost-plus” method to determine price, and

7 reported that their prices were determined by market conditions. Eight of 19 responding importers reported giving some sort of discount. Most discounts are based on individual order quantity or annual volume. Eleven importers reported that they have no discount policy. Eight of the responding importers reported typical sales terms ranging from net 10 to 60 days, four reported COD at delivery or at the port, and three reported net 30 to 60 days at the port.

PRICE DATA

The Commission requested U.S. producers and importers of SWG hangers to provide quarterly data for the total quantity and f.o.b (U.S. point of shipment) value of SWG hangers that were shipped to unrelated customers in the U.S. market. Data were requested for the period January 2004 to June 2007. The products for which pricing data were requested are defined as follows:

Product 1. - 18-inch white shirt hangers

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

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

Product 4. - 14 ¹/₂ gauge / 16-inch plain caped hangers

Product 5. - 14 ¹/₂ gauge / 16-inch stock print caped hangers

Product 6. - 16-inch strut hangers

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

Four U.S. producers, as well as 21 importers of SWG hangers from China, provided usable pricing data for sales of the requested products, although not all firms reported pricing for all quarters. Tables V-1 through V-7 and figures V-3 through V-9 present f.o.b. (U.S. point of shipment) selling prices to unrelated customers for the seven products defined above which were produced and sold in the United States as well as for products produced in China and sold in the United States. By quantity, pricing data reported by reporting firms accounted for 37.5 percent of U.S. commercial shipments of U.S.-produced SWG hangers and 18.0 percent of reported U.S. commercial shipments of Chinese-produced SWG hangers for January 1, 2004 through June 2007.

Table V-1

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2004 - June 2007

Period	United States		China		
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)
2004: Jan.-Mar.	***	***	26.61	22,356	***
Apr.-June	***	***	26.81	29,062	***
July-Sept.	***	***	26.22	33,483	***
Oct.-Dec.	***	***	26.70	36,642	***
2005: Jan.-Mar.	***	***	24.74	26,059	***
Apr.-June	***	***	24.90	32,481	***
July-Sept.	***	***	23.33	19,344	***
Oct.-Dec.	***	***	23.28	30,879	***
2006: Jan.-Mar.	***	***	24.76	24,458	***
Apr.-June	***	***	23.36	32,148	***
July-Sept.	***	***	23.26	29,341	***
Oct.-Dec.	***	***	22.92	28,079	***
2007: Jan.-Mar.	***	***	22.65	27,378	***
Apr.-June	***	***	22.97	37,500	***

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

Figure V-3

SWG hangers: Weighted-average prices of domestic and imported product 1, by quarters, January 2004-June 2007

* * * * *

Table V-2

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2004 - June 2007

Period	United States		China		
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)
2004:					
Jan.-Mar.	***	***	\$43.13	2,608	***
Apr.-June	***	***	43.16	3,441	***
July-Sept.	***	***	40.13	5,628	***
Oct.-Dec.	***	***	42.30	3,771	***
2005:					
Jan.-Mar.	***	***	36.49	3,426	***
Apr.-June	***	***	36.17	3,319	***
July-Sept.	***	***	35.27	3,703	***
Oct.-Dec.	***	***	27.95	4,163	***
2006:					
Jan.-Mar.	***	***	32.36	2,283	***
Apr.-June	***	***	29.00	3,203	***
July-Sept.	***	***	30.33	3,267	***
Oct.-Dec.	***	***	30.21	3,781	***
2007:					
Jan.-Mar.	***	***	30.27	2,868	***
Apr.-June	***	***	28.06	3,721	***

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

Figure V-4

SWG hangers: Weighted-average prices of domestic and imported product 2, by quarters, January 2004-June 2007

* * * * *

Table V-3

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2004 - June 2007

Period	United States		China		
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)
2004: Jan.-Mar.	***	***	\$43.00	143	***
Apr.-June	***	***	30.91	93	***
July-Sept.	***	***	28.68	577	***
Oct.-Dec.	***	***	29.53	3,009	***
2005: Jan.-Mar.	***	***	32.31	665	***
Apr.-June	***	***	27.17	1,041	***
July-Sept.	***	***	28.56	984	***
Oct.-Dec.	***	***	29.76	1,055	***
2006: Jan.-Mar.	***	***	32.09	1,500	***
Apr.-June	***	***	30.71	1,365	***
July-Sept.	***	***	33.36	1,681	***
Oct.-Dec.	***	***	33.14	1,412	***
2007: Jan.-Mar.	***	***	31.37	1,317	***
Apr.-June	***	***	34.81	2,457	***

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

Figure V-5

SWG hangers: Weighted-average prices of domestic and imported product 3, by quarters, January 2004-June 2007

* * * * *

Table V-4

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2004 - June 2007

Period	United States		China		
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)
2004:					
Jan.-Mar.	***	***	\$39.54	1,524	***
Apr.-June	***	***	44.24	3,229	***
July-Sept.	***	***	39.39	4,681	***
Oct.-Dec.	***	***	38.04	4,243	***
2005:					
Jan.-Mar.	***	***	37.27	3,352	***
Apr.-June	***	***	34.56	4,368	***
July-Sept.	***	***	30.90	2,221	***
Oct.-Dec.	***	***	28.24	1,688	***
2006:					
Jan.-Mar.	***	***	27.52	2,520	***
Apr.-June	***	***	27.08	2,345	***
July-Sept.	***	***	28.05	2,768	***
Oct.-Dec.	***	***	27.52	2,216	***
2007:					
Jan.-Mar.	***	***	27.59	2,200	***
Apr.-June	***	***	28.15	2,592	***
Source: Compiled from data submitted in response to Commission questionnaires.					

Figure V-6

SWG hangers: Weighted-average prices of domestic and imported product 4, by quarters, January 2004-June 2007

* * * * *

Table V-5

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarters, January 2004 - June 2007

Period	United States		China		
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)
2004:					
Jan.-Mar.	***	***	\$36.23	2,077	***
Apr.-June	***	***	37.32	1,904	***
July-Sept.	***	***	36.05	706	***
Oct.-Dec.	***	***	34.01	902	***
2005:					
Jan.-Mar.	***	***	32.30	3,501	***
Apr.-June	***	***	30.95	7,286	***
July-Sept.	***	***	30.38	3,966	***
Oct.-Dec.	***	***	26.77	6,788	***
2006:					
Jan.-Mar.	***	***	26.93	5,553	***
Apr.-June	***	***	29.05	6,286	***
July-Sept.	***	***	29.01	5,015	***
Oct.-Dec.	***	***	28.99	5,110	***
2007:					
Jan.-Mar.	***	***	27.96	3,950	***
Apr.-June	***	***	28.31	6,015	***

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

Figure V-7

SWG hangers: Weighted-average prices of domestic and imported product 5, by quarters, January 2004-June 2007

* * * * *

Table V-6

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 6 and margins of underselling/(overselling), by quarters, January 2004 - June 2007

Period	United States		China		
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)
2004:					
Jan.-Mar.	***	***	\$47.29	1,666	***
Apr.-June	***	***	45.36	3,416	***
July-Sept.	***	***	44.79	6,626	***
Oct.-Dec.	***	***	41.97	4,615	***
2005:					
Jan.-Mar.	***	***	45.35	2,565	***
Apr.-June	***	***	46.36	5,285	***
July-Sept.	***	***	43.52	6,847	***
Oct.-Dec.	***	***	44.15	9,396	***
2006:					
Jan.-Mar.	***	***	47.13	9,656	***
Apr.-June	***	***	41.11	17,243	***
July-Sept.	***	***	44.35	13,847	***
Oct.-Dec.	***	***	44.00	16,403	***
2007:					
Jan.-Mar.	***	***	44.18	18,789	***
Apr.-June	***	***	44.03	23,452	***
Source: Compiled from data submitted in response to Commission questionnaires.					

Figure V-8

SWG hangers: Weighted-average prices of domestic and imported product 6, by quarters, January 2004-June 2007

* * * * *

Table V-7

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 7 and margins of underselling/(overselling), by quarters, January 2004 - June 2007

Period	United States		China		
	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Price (per 1,000 hangers)	Quantity (1,000 hangers)	Margin (percent)
2004:					
Jan.-Mar.	***	***	-	-	-
Apr.-June	***	***	-	-	-
July-Sept.	***	***	-	-	-
Oct.-Dec.	***	***	-	-	-
2005:					
Jan.-Mar.	***	***	\$25.79	266	***
Apr.-June	***	***	25.80	953	***
July-Sept.	***	***	23.54	2,089	***
Oct.-Dec.	***	***	25.80	906	***
2006:					
Jan.-Mar.	***	***	23.55	3,345	***
Apr.-June	***	***	26.48	3,248	***
July-Sept.	***	***	27.30	17,574	***
Oct.-Dec.	***	***	27.35	18,543	***
2007:					
Jan.-Mar.	***	***	26.60	26,218	***
Apr.-June	***	***	27.95	38,568	***

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

Figure V-9

SWG hangers: Weighted-average prices of domestic and imported product 7, by quarters, January 2004-June 2007

* * * * *

Price Trends

The weighted average quarterly selling prices of SWG hangers produced domestically and imported from China fluctuated during 2004-June 2007, but tended downward during this period (tables V-1 through V-7). Quarterly selling prices of U.S. produced product 1 decreased by *** percent, while prices of product category 1 imported from China declined by a total of 13.7 percent. Selling prices of the U.S.-produced product category 2 decreased by *** percent, while prices of product category 2 imported from China decreased by 34.9 percent. Prices of domestic product category 3 decreased by *** percent, while prices of product 3 imported from China decreased by 19.1 percent; prices of domestic product category 4 decreased by *** percent, while prices of product 4 imported from China decreased by 28.8 percent; on average prices of domestic product category 5 increased by *** percent, while prices of product 5 imported from China decreased on average by 21.9 percent; and prices of domestic product category 6 decreased by *** percent, while prices of product 6 imported from China decreased by 6.9 percent. On the other hand, prices of domestic product category 7 increased by *** percent, while prices of product 7 imported from China increased on average by 7.4 percent (January 2005-June 2007).

Total quarterly sales quantities reported by the U.S. producers and importers of SWG hangers fluctuated during January 2004-June 2007, with the quantities of the domestic products trending downward during this period while quantities of product of the products imported from China trended upward. U.S. producers' quarterly shipment quantities of product category 1 decreased by *** percent during January 2004-June 2007, while shipment quantities of product category 1 imported from China increased by 42.7 percent during this period. During this period, U.S. producers' quarterly shipment quantities of product category 2 decreased by *** percent, while quarterly shipment quantities of the imported product category 2 increased by 42.7 percent. U.S. producers' quarterly shipment quantities of product category 3 decreased by *** percent, while quarterly shipment quantities of the imported product category 3 increased by 1,618 percent. U.S. producers' quarterly shipment quantities of product category 4 decreased by *** percent, while quarterly shipment quantities of the imported product category 4 increased by 70.1. U.S. producers' quarterly shipment quantities of product category 5 decreased by *** percent and quarterly shipment quantities of imported product category 5 also increased by 189.6 percent. U.S. producers' quarterly shipment quantities of product category 6 decreased by *** percent, while quarterly shipment quantities of the imported product category 6 increased by 1,307.7 percent. U.S. producers' quarterly shipment quantities of product category 7 decreased by *** percent, while quarterly shipment quantities of the imported product category 7 increased by 7.4 percent.

Price Comparisons

Prices of imported Chinese products 1-7 were lower than reported prices of U.S. products 1-7 in every quarter for which price comparisons were available. Prices of imported Chinese product 1 were lower than prices of U.S. product 1 in 14 quarters by margins ranging from 15.0 percent to 32.0 percent. Prices of imported Chinese product 2 were lower than prices of U.S. product 2 in 14 quarters by margins ranging from 10.9 percent to 49.4 percent. Prices of imported Chinese product 3 were lower than prices of U.S. product 3 in 14 quarters by margins ranging from 15.2 percent to 53.2 percent. Prices of imported Chinese product 4 were lower than prices of U.S. product 4 in 14 quarters by margins ranging from 2.7 percent to 44.5 percent. Prices of imported Chinese product 5 were lower than prices of U.S. product 5 in 14 quarters by margins ranging from 16.4 percent to 47.0 percent. Prices of imported Chinese product 6 were lower than prices of U.S. product 6 in 14 quarters by margins ranging from 18.7 percent to 29.1 percent. Prices of imported Chinese product 7 were lower than prices of U.S. product 6 in 10 quarters by margins ranging from 29.9 percent to 42.0 percent.

LOST SALES AND LOST REVENUES

Petitioners provided a list of *** alleged lost sales to Chinese competitors totaling *** since January 2004 (table V-8). Staff attempted to contact the *** customers named in the lost sales and lost revenues allegations. Three responding customers confirmed *** valued at \$***. One responding customer named in one lost sales allegation valued at \$*** disagreed with the lost sales allegation. Two responding customers named in one lost sales allegation each did not directly address the allegations. The remaining three customers named in the lost sales allegations did not respond. *** responding U.S. producers responded that they had reduced prices and rolled back announced increases in order to avoid losing sales. One U.S. producer indicated that it had reduced prices in order to avoid losing sales, but did not roll back announced price increases. One U.S. producer reported that it did not record specific instances of lost sales to imports from China or Mexico. Due to ***, the company ***.

Table V-8
SWG hangers: U.S. producers' lost sales allegations

* * * * *

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

*** was named by *** in *** concerning *** SWG hangers valued at \$***. *** disagreed with ***. *** reported that he was not aware of this transaction and indicated that *** did not spend \$*** with only one supplier. *** stated that "we spend approximately *** on all hangers using multiple suppliers. One supplier could not have lost out on all ***. U.S. producers ***

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

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

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

*** was named by *** in *** lost sale allegation concerning *** SWG hangers valued at \$***. *** indicated that the percentage of his company's sales changed from *** percent from domestically-owned manufacturers in the first seven months of 2006 to *** the first seven months of 2007. He also reported that there had been a shift in hanger purchases from *** percent domestic to *** percent non-American owned manufacturers between 2001 and 2006. *** also referenced an announced change in

China's rebate policy for steel products such as SWG hangers. He stated that China announced plans to cut or eliminate export tax rebates for 2,831 commodities including steel and other metal products. The cut, effective as of July 1, 2007, would cut the export tax rebate from 13 percent to 5 percent.⁶

⁶ "China to adjust export rebate policy on 2,831 commodities," Ministry of Commerce of the People's Republic of China, June 20, 2007. "China to adjust export rebates policy on metal products from July 1," ABC Money, June 12, 2007.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Three firms, M&B, Metro, and United Wire,¹ provided usable financial information related to their U.S. SWG hanger operations.² Generally, each company draws carbon steel wire rod into wire, the majority of which is used for the production of SWG hangers. Production and sales of SWG hangers represent the majority of each company's business, which also includes sales of steel wire and garment covers. Each of the companies is privately held.

OPERATIONS ON SWG HANGERS

Income-and-loss data for U.S. producers' SWG hangers operations are presented in table VI-1, and are briefly summarized here. Both the quantity and value of total sales fell sharply between 2004 and 2006 and were markedly lower in January-June 2007 compared to the same period in 2006. The absolute value of costs generally decreased with the decline in sales, although certain categories of fixed costs increased through 2006 as a ratio of sales and on a per-unit basis (discussed later). The three firms together incurred *** in each period for which data were collected.

Table VI-1

SWG hangers: Results of operations of U.S. producers, fiscal years 2004-06, January-June 2006, and January-June 2007

* * * * *

The absolute value of costs fell with the decline in production and sales. This decline reflects both the ***, plant closures by M&B and United Wire, and the complete market exit of United Wire.³ Many fixed costs are included with the categories of "other factory costs" and selling, general, and administrative ("SG&A") expenses. The ratio of other factory costs to sales and the average unit value of other factory costs increased through 2006. The average unit value and the ratio to sales of other factory costs declined between January-June 2006 and January-June 2007 because ***. The average unit value and the ratio to sales of SG&A expenses increased during the period for which data were collected.

Table VI-2 presents data on total net sales, cost of goods sold ("COGS"), SG&A expenses, and operating income on a firm-by-firm basis.

¹ M&B's fiscal year *** while Metro and United Wire have a fiscal year that ends on ***. M&B reported on the basis of GAAP (revenues are recognized when realized or realizable and when earned and costs are accrued to match against relevant revenues); Metro reported on a cash basis (revenues are recorded when received and expenses are recorded when paid); and United Wire reported on a tax basis (a hybrid method which is closer to the cash basis than to GAAP). Differences between sales and shipments are attributable to timing differences and the inclusion of Laidlaw's data in shipments but not sales; as well, Metro ***. A questionnaire response was received from Laidlaw, but the financial data are not included in this section of the report because the firm was unable to provide data for its U.S. operations only—it estimated that its total sales were composed of between *** during the period for which data were collected. Staff telephone interview with *** on August 21, 2007.

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

³ Trends in Laidlaw's shipment data *** in table VI-1, ***. Laidlaw's questionnaire response, answer to question II-9. Laidlaw, like United Wire, ceased producing SWG hangers in the United States during the period for which data were collected.

Table VI-2

SWG hangers: Results of operations of U.S. producers, by firms, fiscal years 2004-06, January-June 2006, and January-June 2007

* * * * *

Table VI-3 presents data on raw material costs by the three reporting U.S. producers.

Table VI-3

SWG hangers: Raw material costs of U.S. producers, by firms, fiscal years 2004-06, January-June 2006, and January-June 2007

* * * * *

A variance analysis for the three U.S. producers is presented in table VI-4. The information for this variance analysis is derived from table VI-1. The variance analysis provides an assessment of changes in profitability as related to changes in pricing, cost, and volume. Between 2004 and 2006, there was a favorable operating income variance of \$*** because *** in 2006 was lower than *** in 2004. This was attributable to an unfavorable variance on price (lower unit prices) that was more than offset by favorable variances on net cost/expense and volume (lower unit costs and lower volume). The decrease in the *** between January-June 2006 and the same period in 2007 of \$*** was attributable to a favorable price variance and a favorable net volume variance that overcame an unfavorable net cost/expense variance. The very large favorable net volume variance component underscores the very large decline in sales quantities from period to period.

Table VI-4

SWG hangers: Variance analysis on results of operations of domestic producers, fiscal years 2004-06, January-June 2006, and January-June 2007

* * * * *

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

The responding firms' data on capital expenditures and research and development ("R&D") expenses related to the production of SWG hangers are shown in table VI-5. No firm reported R&D expenses during any one of the periods for which data were collected, although *** stated that these expenses are included in its capital expenditures.

Table VI-5

SWG hangers: Capital expenditures and R&D expenses of U.S. producers, fiscal years 2004-06, January-June 2006, and January-June 2007

* * * * *

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") for 2004 to 2006. The data for operating income are from table VI-1. Operating income was divided by total assets, resulting in ROI, shown in table VI-6.

Table VI-6
SWG hangers: Value of assets used in the production, warehousing, and sale, and return on investment, fiscal years 2004-06

* * * * *

CAPITAL AND INVESTMENT

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

Metro

***.

M&B

***.

United Wire

***.⁴

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

Metro

***.

M&B

***.

United Wire

***.

⁴ United Wire discontinued domestic production ***.

PART VII: THREAT CONSIDERATIONS

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

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

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

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

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

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

(V) inventories of the subject merchandise,

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

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw

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

agricultural product or the processed agricultural product (but not both),

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

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

Information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

THE INDUSTRY IN CHINA

The petition identified 64 alleged producers of SWG hangers in China.³ Table VII-1 lists information on 12 responding Chinese firms in 2006. Exports to the United States by these firms surpassed the official U.S. import statistics for SWG hangers from China during 2006.⁴ With the exception of ***, responding Chinese producers reported that SWG hanger production was between 95 and 100 percent of their total sales. All 12 reported that they did not produce or have the ability to produce anything other than SWG hangers on their machinery and equipment.

Table VII-1
SWG hangers: Chinese firms' 2006 production, exports to the United States, and exports to the United States as a share of their production

* * * * *

Table VII-2 presents data for these 12 firms during 2004-06, January-June 2006, January-June 2007, and forecasts for 2007 and 2008. *** were the largest reporting Chinese producers, together accounting for almost 40 percent of Chinese SWG hanger imports. Over 90 percent of reported Chinese-produced SWG hangers were exported to the United States. Reported Chinese capacity and production of SWG hangers increased by nearly 60 percent from 2004 to 2006, and capacity utilization increased by 13.7 percentage points. Reported Chinese exports of SWG hangers to the United States rose by more

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

³ At the Commission's conference, Mr. Zhong, President of Market Direct International, LLC, testified that ". . . right now in China they have about 40 or 45 manufacturers in China." Conference transcript, p. 120.

⁴ This is caused by the timing of the reported exports compared to the documented imports.

than 80 percent from 2004 to 2006, and are projected to increase in 2007 before declining in 2008. Half of the Chinese producers cited the decrease in the export tax rebate (and several cited increasing costs, the appreciation of the RMB, and increased competition) as the reasons for the projected decrease in exports of SWG hangers to the United States in 2008. Exports to all other markets tripled over the period and are not projected to decline, but were much smaller in volume than exports from China to the United States.⁵

Table VII-2
SWG hangers: Chinese producers' operations, 2004-06, January-June 2006, January-June 2007, and projected 2007-08

Item	Actual experience					Projections	
	2004	2005	2006	January-June		2007	2008
				2006	2007		
Quantity (1,000 hangers)							
Capacity	1,850,888	2,388,378	2,955,978	1,489,139	1,735,848	3,299,978	3,299,978
Production	1,292,613	1,824,469	2,468,161	1,172,895	1,688,921	2,685,462	2,526,562
End-of-period inventories	37,342	56,172	76,822	59,145	97,991	80,832	41,202
Shipments:							
Internal consumption	0	0	0	0	0	0	0
Home market	26,581	65,612	83,641	40,125	43,243	102,369	121,569
Exports to--							
The United States	1,205,559	1,630,846	2,228,736	1,067,732	1,489,587	2,402,754	2,072,491
All other markets	48,707	117,788	153,346	78,033	137,786	255,793	382,132
Total exports	1,254,267	1,748,633	2,382,083	1,145,765	1,627,374	2,658,547	2,454,623
Total shipments	1,280,848	1,814,246	2,465,723	1,185,890	1,670,617	2,760,916	2,576,192
Ratios and shares (percent)							
Capacity utilization	69.8	76.4	83.5	78.8	97.3	81.4	76.6
Inventories to production	2.9	3.1	3.1	2.5	2.9	3.0	1.6
Inventories to total shipments	2.9	3.1	3.1	2.5	2.9	2.9	1.6
Share of total shipments:							
Internal consumption	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Home market	2.1	3.6	3.4	3.4	2.6	3.7	4.7
Exports to--							
The United States	94.1	89.9	90.4	90.0	89.2	87.0	80.4
All other markets	3.8	6.5	6.2	6.6	8.2	9.3	14.8
Total exports	97.9	96.4	96.6	96.6	97.4	96.3	95.3
Source: Compiled from data submitted in response to Commission questionnaires.							

⁵ Chinese producers of SWG hangers identified the following countries as export markets: Australia, Canada, Germany, Great Britain, Greece, Hong Kong, Hungary, Indonesia, Israel, Italy, Japan, Kenya, Kuwait, Panama, Puerto Rico, Saudi Arabia, South Korea, United Arab Emirates, United States, and Vietnam.

U.S. IMPORTERS' INVENTORIES

Inventories of U.S. imports as reported are presented in table VII-3. Inventories of Chinese SWG hangers increased from 2004 to 2006, while the ratios of inventories to imports and to U.S. shipments of imports declined. Inventories from all other sources initially declined, and then rose *** in 2006, a trend followed by the ratios of inventories to imports and inventories to U.S. shipments of imports for all other sources. Inventories from China and from nonsubject countries were higher in absolute and relative terms in January-June 2007 compared to January-June 2006.

Table VII-3

SWG hangers: U.S. importers' end-of-period inventories of imports, by source, 2004-06, January-June 2006, and January-June 2007

Item	Calendar year			January-June	
	2004	2005	2006	2006	2007
China:					
Inventories (1,000 hangers)	87,857	80,820	103,342	40,686	114,006
Ratio of inventories to imports (percent)	15.5	9.5	8.9	4.0	7.2
Ratio to U.S. shipments of imports (percent)	15.8	9.4	9.0	3.7	7.3
All other sources:					
Inventories (1,000 hangers)	***	***	***	***	***
Ratio of inventories to imports (percent)	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***
All sources:					
Inventories (1,000 hangers)	***	***	***	***	***
Ratio of inventories to imports (percent)	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***
Note.—Ratios were calculated using data from firms providing information on both inventories and imports or U.S. shipments of imports. Partial-year ratios are based on annualized import/shipment data.					
Source: Compiled from data submitted in response to the Commission's questionnaire.					

U.S. IMPORTERS' CURRENT ORDERS

Twenty-one U.S. importers reported that they had placed orders for SWG hangers from China (613.6 million hangers) scheduled for entry into the United States in the period of July to December 2007. Table VII-4 presents U.S. importers' July-December 2007 orders for SWG hangers from China; two importers did not report volumes for this period.

Table VII-4

SWG hangers: U.S. importers' current orders, by sources, July-December 2007

* * * * *

ANTIDUMPING AND COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

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

INFORMATION ON NONSUBJECT SOURCES

“Bratsk” Considerations

As a result of the Court of Appeals for the Federal Circuit (“CAFC”) decision in *Bratsk Aluminum Smelter v. United States* (“Bratsk”), the Commission is directed to:⁶ undertake an “additional causation inquiry” whenever certain triggering factors are met: “whenever the antidumping investigation is centered on a commodity product, and price competitive non-subject imports are a significant factor in the market.” The additional inquiry required by the Court, which we refer to as the *Bratsk* replacement/benefit test, is “whether non-subject imports would have replaced the subject imports without any beneficial effect on domestic producers.

Respondents identified this investigation as a “Bratsk case” in their opening remarks at the Commission’s conference and throughout subsequent testimony.⁷ Petitioners disagree.⁸ In their briefs, parties elaborated on their arguments as follows:

- Counsel on behalf of Laidlaw and United Wire argues that SWG hangers are a commodity product, that the imposition of antidumping duties would result in increased imports from Mexico or other low-cost producing countries (e.g., Vietnam), and that U.S. production costs would result in any benefits accruing to the petitioner’s non-U.S. operations rather than SWG hanger operations in the United States, which are directed toward premium-priced specialty use and service items.⁹
- Counsel for the Chinese producers argues that SWG hangers are an acknowledged commodity product; that the level of U.S. capacity is such that imports are required to meet demand in the U.S. market; that imports from Mexico are a “substantial” presence that holds down prices; and that low barriers to entry into the U.S. market suggest that additional import sources (e.g., Vietnam), and price pressure, can develop rapidly.¹⁰
- Counsel for the petitioner argues that nonsubject imports of SWG hangers, with the exception of a “steady but small level” of imports from Mexico, have been “virtually nonexistent.” Counsel contends that there currently are few suppliers outside of China and that nonsubject imports are

⁶ *Silicon Metal from Russia, Inv. No. 731-TA-991 (Second Remand)*, USITC Publication 3910, June 2007, p. 2; citing *Bratsk Aluminum Smelter v. United States*, 444 F.3d at 1375.

⁷ Conference transcript, pp. 11-13. See also conference transcript, pp. 91-92 (Perry), pp. 82-87 (Neely), and 95, 99 and 104 (Schultz).

⁸ Conference transcript, pp. 68-73 (Waite).

⁹ Laidlaw’s and United Wire’s postconference brief, pp. 6-14.

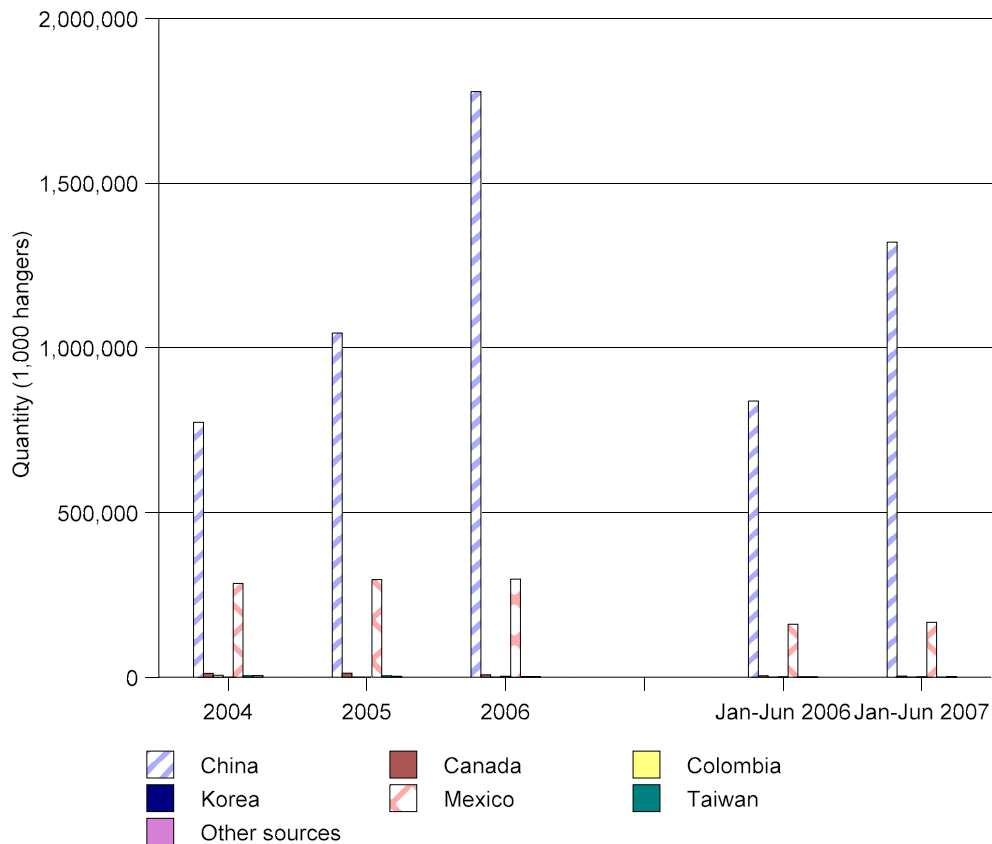
¹⁰ Light Industries Chamber’s postconference brief, pp. 10-14.

higher-priced (based on a comparison of unitized Customs values) and unable to replace “even a fraction” of the far larger volume of imports from China.¹¹

Nonsubject Source Information

As discussed in Part IV of this report, the leading nonsubject countries are Mexico (accounting for 14.3 percent of total U.S. imports of SWG hangers during 2006), Canada (0.4 percent), Korea (0.1 percent), and Taiwan (0.1 percent), with eight other countries accounting for the remainder of 2006 imports (figure VII-1). Mexico was the only source of U.S. imports of SWG hangers that had a lower average unit value than those from China, with the difference lessening from 2004 to 2006, so that in 2006 the average unit value for subject imports from Mexico was only \$0.61 less than that for those from China. By 2007, the average unit value of U.S. imports from China had fallen below the average unit value of imports from Mexico.¹² Figure VII-2 shows the average unit values of imports from China, Mexico, and all other sources during the period for which data were collected.

Figure VII-1
SWG hangers: U.S. imports, by sources, 2004-06, January-June 2006, and January-June 2007

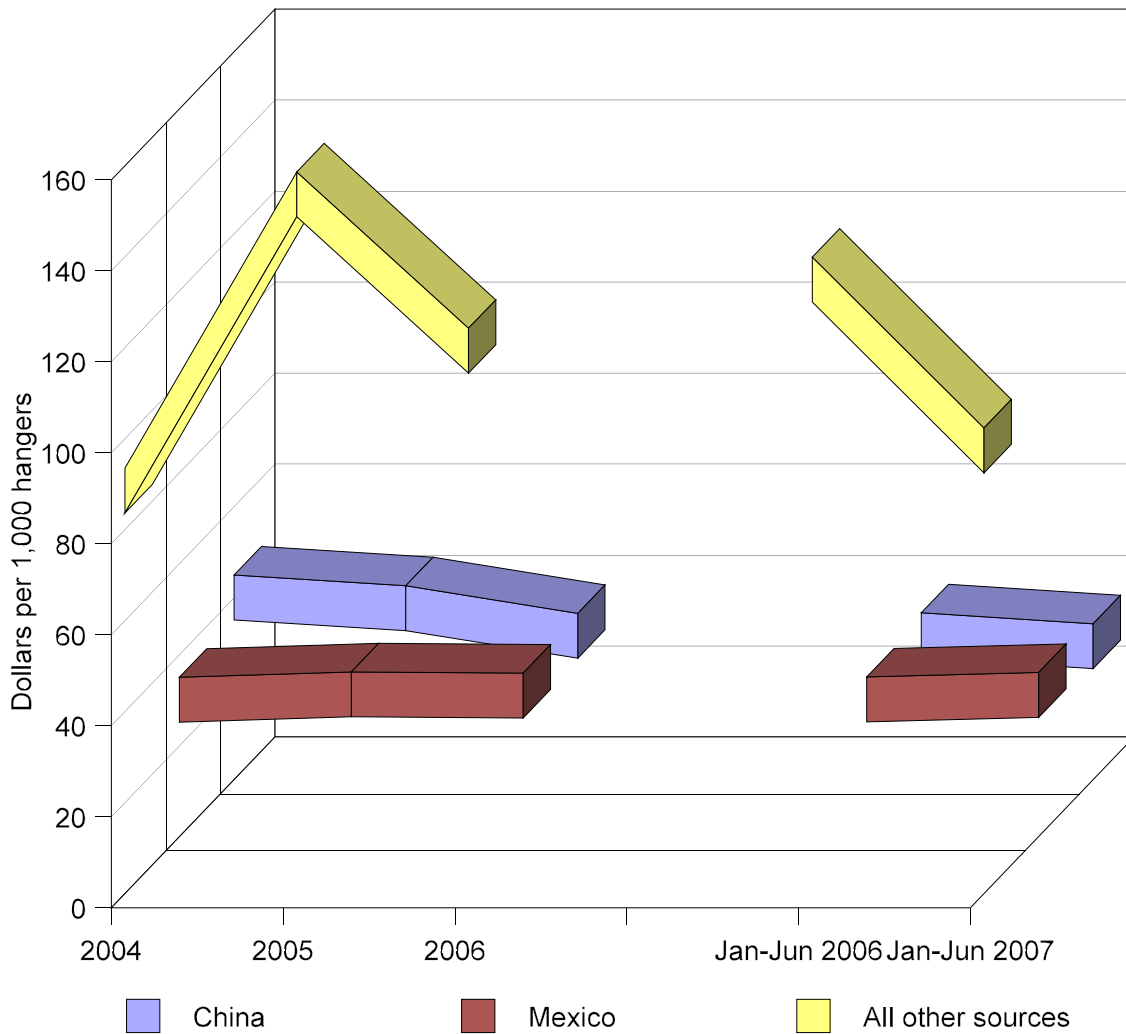


Source: Table IV-3.

¹¹ Petitioner’s postconference brief, pp. 31-35.

¹² Comparisons of the average unit value of the U.S. shipments of imports appear in table I-4. Price data for SWG hangers from Mexico, as well as those produced in the United States and China, appear in appendix D.

Figure VII-2
SWG hangers: Average unit values of U.S. imports, by sources, 2004-06, January-June 2006, and
January-June 2007



Source: Table IV-3.

Table VII-5 presents data for M&B’s Mexican operations. Reported imports from the Petitioner’s Mexican operations accounted for *** percent of SWG hanger imports from Mexico, in 2006, according to Commerce statistics.¹³ The Petitioner’s Mexican operation *** their capacity between 2004 and 2005 by nearly *** percent¹⁴. *** exports to the United States accounted for their subsequent increase in production. M&B exported hangers only to the United States, and its home market shipments

¹³ ***, ***, however, reported that it does not produce or import any hangers from Mexico. According to the company’s CEO, “***.” Correspondence from ***, August 30, 2007.

¹⁴ When M&B shut down its Virginia plant in 2005, it shifted approximately one-third of its SWG hanger equipment to Mexico and two-thirds to Alabama. Conference transcript, pp. 62-63 (Magnus). See also M&B’s postconference brief, attachment 1 to exhibit 1.

accounted for just under *** percent of its shipments. Production in Mexico accounted for *** percent of M&B's total production of SWG hangers in 2006.

Table VII-5
SWG hangers: Petitioner's Mexican operations, 2004-06, January-June 2006, January-June 2007, and projected 2007-08

* * * * *

Overall, it is believed that there are several small producers of hangers in Mexico as well as the M&B facility.¹⁵ According to witness testimony, "U.S. Hanger, also known as Nagel, shut down its Texas hanger facility in 2004 and moved its production equipment to Mexico, according to the U.S. Department of Labor's Office of Trade Adjustment Assistance. The company produced hangers in Mexico for only a few months before it shut down altogether."¹⁶ M&B has identified the following firms as producers of SWG hangers: Productos de Alambre S.A. (PASA); Clavos Nacionales S.A.; Diamante 2000; Ganchos El Cedro S. A.; and Hangarme. According to M&B, there are also two known (there may be others) Mexican importers of Chinese hangers into Mexico, Calormatic and Teran.

¹⁵ Conference transcript, p. 59 (Magnus).

¹⁶ Conference transcript, pp. 37-38 (Magrath).

APPENDIX A
***FEDERAL REGISTER* NOTICES**

(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 China 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. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping investigations in 45 days, or in this case by September 14, 2007. The Commission's views are due at Commerce within five business days thereafter, or by September 21, 2007.

For further information concerning the conduct of this investigation 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).

EFFECTIVE DATE: July 31, 2007.

FOR FURTHER INFORMATION CONTACT: Fred Ruggles (202-205-3187/fred.ruggles@usitc.gov), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background. This investigation is being instituted in response to a petition filed on July 31, 2007, by M&B Metal Products Company, Inc. ("M&B"), Leeds, AL, on behalf of the domestic industry that produces steel wire garment hangers.

Participation in the investigation and public service list. Persons (other than petitioners) wishing to participate in the investigation 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 investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation 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 this investigation available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigation under the APO issued in the investigation, 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 Operations has scheduled a conference in connection with this investigation for 9:30 a.m. on August 21, 2007, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Fred Ruggles (202-205-3187/fred.ruggles@usitc.gov) not later than August 17, 2007, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation 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 August 24, 2007, a written brief containing information and arguments pertinent to the subject matter of the investigation. 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

INTERNATIONAL TRADE COMMISSION

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

Steel Wire Garment Hangers From China

AGENCY: United States International Trade Commission.

ACTION: Institution of antidumping duty investigation and scheduling of a preliminary phase investigation.

SUMMARY: The Commission hereby gives notice of the institution of an investigation and commencement of preliminary phase antidumping duty investigation No. 731-TA-1123 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a))

requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 Fed. Reg. 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 Fed. Reg. 68168, 68173 (November 8, 2002).

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

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

Issued: July 31, 2007.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7-15660 Filed 8-9-07; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF COMMERCE
International Trade Administration
[A-570-918]
Notice of Extension of the Deadline for Determining the Adequacy of the Antidumping Duty Petition: Steel Wire Garment Hangers from the People's Republic of China
AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: August 21, 2007.

FOR FURTHER INFORMATION CONTACT: Irene Gorelik or Julia Hancock, AD/CVD Operations, Office 9, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-6905 or (202) 482-1394, respectively.

SUPPLEMENTARY INFORMATION:
INITIATION OF INVESTIGATION
The Petition

On July 31, 2007, the Department of Commerce ("the Department") received an antidumping duty petition ("petition") filed by M&B Metal Products Company, Inc. ("Petitioner") on behalf of the domestic industry producing steel wire garment hangers.

Determination of Industry Support for the Petition

Section 732(b)(1) of the Tariff Act of 1930, as amended ("Act"), requires that a petition be filed by or on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that the Department's industry support determination be based on whether a minimum percentage of the relevant industry supports the petition. 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) if there is a large number of producers, determine industry support using a statistically valid sampling method to poll the industry.

Extension of Time

Section 732(c)(1)(A)(ii) of the Act provides that within 20 days of the filing of an antidumping duty petition, the Department will determine, *inter alia*, whether the petition has been filed by or on behalf of the U.S. industry producing the domestic like product. Section 732(c)(1)(B) of the Act provides that the deadline for the initiation determination, in exceptional circumstances, may be extended by 20 days in any case in which the Department must "poll or otherwise determine support for the petition by the industry." Because it is not clear from the petition whether the industry support criteria have been met, the Department has determined to extend the time for initiating an investigation in order to poll the domestic industry. The Department will issue polling questionnaires to all known domestic producers of steel wire garment hangers identified in the petition. The questionnaires will be on file in the Central Records Unit in room B-099 of the main Department of Commerce building. The Department will request that each company complete the polling questionnaire and fax their responses to the Department.

The Department will need additional time to analyze the domestic producers' responses to this request for information. Therefore, it is necessary to extend the deadline in order to determine the adequacy of the petition for a period not to exceed 40 days from the filing of the petition. As a result, the initiation determination will now be due no later than September 10, 2007.¹

¹ Twenty days from the original deadline is September 9, 2007. However, Department practice dictates that where a deadline falls on a weekend,

**International Trade Commission
Notification**

The Department will contact the International Trade Commission (“ITC”) and will make this extension notice available to the ITC.

Dated: August 15, 2007.

Gary Taverman,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. E7-16448 Filed 8-20-07; 8:45 am]

BILLING CODE 3510-DS-S

the appropriate deadline is the next business day.
See Notice of Clarification: Application of “Next Business Day” Rule for Administrative Determination Deadlines Pursuant to the Act, 70 FR 24533 (May 10, 2005).

DEPARTMENT OF COMMERCE**International Trade Administration****[A-570-918]****Steel Wire Garment Hangers from the People's Republic of China: Initiation of Antidumping Duty Investigation****AGENCY:** Import Administration, International Trade Administration, Department of Commerce.**EFFECTIVE DATE:** September 17, 2007.**FOR FURTHER INFORMATION CONTACT:** Julia Hancock or Irene Gorelik, AD/CVD Operations, Office 9, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1394 or (202) 482-6905, respectively.**SUPPLEMENTARY INFORMATION:****The Petition**

On July 31, 2007, the Department of Commerce ("Department") received a petition concerning imports of steel wire garment hangers from the People's Republic of China ("PRC") ("Petition") filed in proper form by M&B Metal Products Company, Inc. ("Petitioner"). In accordance with section 732(b) of the Tariff Act of 1930, as amended ("Act"), Petitioner alleges that imports of steel wire garment hangers from the PRC 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.

On August 3, 2007, the Department issued a request for additional information and clarification of certain areas of the Petition. Based on the Department's request, Petitioner filed its response on August 8, 2007. On August 16, 2007, the Department issued polling questionnaires to the domestic industry. In addition, the Department extended the initiation deadline because, pursuant to section 732(c)(1)(B) of the Act, the Department determined that it needed to poll the domestic industry to determine support for the Petition. *See Steel Wire Garment Hangers from the People's Republic of China: Extension of the Deadline for Determining the Adequacy of the Antidumping Duty Petition*, 72 FR 46606 (August 21, 2007) ("*Extension of Initiation Deadline*").¹

¹ Twenty days from the original deadline is September 9, 2007. However, Department practice dictates that where a deadline falls on a weekend, the appropriate deadline is the next business day. *See Notice of Clarification: Application of "Next*

On August 17, 2007, the Department issued a second request for additional information and clarification of certain areas of the Petition, to which Petitioner responded on August 27, 2007.

The Department finds that Petitioner filed this Petition on behalf of the domestic industry because Petitioner is an interested party as defined in section 771(9)(C) and (D) of the Act, and has demonstrated sufficient industry support with respect to the antidumping duty investigation that Petitioner is requesting that the Department initiate (*see* "Determination of Industry Support for the Petition" section below). The period of investigation ("POI") is January 1, 2007, through June 30, 2007. *See* 19 CFR 351.204(b).

Scope of Investigation

The merchandise that is subject to this investigation is steel wire garment hangers, fabricated from carbon steel wire, whether or not galvanized or painted, whether or not coated with latex or epoxy or similar gripping materials, and/or whether or not fashioned with paper covers or capes (with or without printing) and/or nonslip features such as saddles or tubes. These products may also be referred to by a commercial designation, such as shirt, suit, strut, caped, or latex (industrial) hangers. Specifically excluded from the scope of this investigation are wooden, plastic, and other garment hangers that are classified under separate subheadings of the Harmonized Tariff Schedule of the United States ("HTSUS"). The products subject to this investigation are currently classified under HTSUS subheading 7326.20.0020. Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the merchandise is dispositive.

Comments on the Scope of Investigation

During our review of the Petition, we discussed the scope with Petitioner 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 regulations, we are setting aside a period for interested parties to raise issues regarding product coverage. *See Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997). The Department encourages all interested parties to submit such comments within 20 calendar days of signature of this notice.

Business Day" Rule for Administrative Determination Deadlines Pursuant to the Act, 70 FR 24533 (May 10, 2005).

Comments should be addressed to Import Administration's Central Records Unit ("CRU"), Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230 - Attention: Julia Hancock and Irene Gorelik, Room 2814B. 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.

Comments on Product Characteristics for Antidumping Duty Questionnaire

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 questionnaire. For example, we are considering whether physical characteristics such as steel grade, types of steel wire and/or steel wire rod, steel wire gauge, hanger length, whether or not painted, type of latex, fashioned with a strut or saddle, fashioned with paper covers or capes, and the bottom bar length are relevant. This information will be used to identify the key physical characteristics of the subject merchandise in order for respondents to report more accurately the relevant factors of production, in accordance with the Department's non-market economy ("NME") methodology, as described in the "Normal Value" section below.

Interested parties may provide any information or comments that they believe 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 the product reporting criteria. We note that it is not always appropriate to use all product characteristics as product reporting criteria.

In order to consider the suggestions of interested parties in developing and issuing the antidumping duty questionnaire, we must receive non-proprietary comments at the above-referenced address by October 1, 2007, and rebuttal comments must be timely filed by October 11, 2007.

Determination of Industry Support for the Petition

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.

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 (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), *cert. denied* 492 U.S. 919 (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 subtitle." 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, Petitioner does 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 wire 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 the *Antidumping Duty Investigation Initiation Checklist: Steel Wire Garment Hangers from the People's Republic of China (PRC)*, Industry Support at Attachment II ("*Initiation Checklist*"), on file in the CRU.

As stated above, on August 21, 2007, the Department published a notice extending the initiation deadline by 20 days to poll the domestic industry, in accordance with section 732(c)(4)(D) of the Act, because it was "not clear from the Petition whether the industry support criteria have been met..." See *Extension of Initiation Deadline*, 72 FR at 46606. On August 16, 2007, we issued polling questionnaires to all known domestic producers of wire hangers identified in the Petition and by the Department's research. The questionnaires are on file in the CRU. For a detailed discussion of the responses received, see *Initiation Checklist* at Attachment II.

Based on an analysis of the data collected from polling the domestic industry, we determine that the domestic producers or workers who support the Petition account for at least 25 percent of the total production of the domestic like product, and the requirements of section 732(c)(4)(A)(i) of the Act are met. Furthermore, given that Petitioner and supporters of the Petition represent more than 50 percent of the production of the domestic like product provided by that portion of the industry expressing support or opposition to the Petition, the requirements of section 732(c)(4)(A)(ii) of the Act are also met. Accordingly, we determine that this Petition is filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act. See *Initiation Checklist* at Attachment II.

The Department finds that Petitioner filed the Petition on behalf of the domestic industry because it is an interested party as defined in sections 771(9)(C) and (D) of the Act and it has demonstrated sufficient industry support with respect to the antidumping duty investigation that it is requesting the Department initiate. See *Initiation Checklist* at Attachment II.

Allegations and Evidence of Material Injury and Causation

Petitioner alleges that the U.S. industry producing the domestic like product is being materially injured by reason of the imports of the subject

merchandise sold at less than NV. Petitioner contends that the industry's injured condition is illustrated by reduced market share, production, capacity and capacity utilization, shipments, by underselling and price depressing and suppressing effects, by lost revenue and sales, by reduced employment, by decline in financial performance, and by an increase in import penetration. 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 *Initiation Checklist* at Attachment III.

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 this investigation of imports of steel wire garment hangers from the PRC. The sources of data for the deductions and adjustments relating to the U.S. price and the factors of production are also discussed in the *Initiation Checklist*. See *Initiation Checklist*. Should the need arise to use any of this information as facts available, pursuant to section 776 of the Act, in our preliminary or final determination, we will reexamine the information and revise the margin calculations, if appropriate.

Export Price

Petitioner relied on 12 U.S. prices for steel wire garment hangers manufactured in the PRC and offered for sale in the United States. The prices quoted were for four different types of steel wire garment hangers falling within the scope of the this Petition, for delivery to the U.S. customer within the POI. Petitioner deducted from the prices the costs associated with exporting and delivering the product, including ocean freight and insurance charges, and U.S. duty, port and wharfage fees. See *Initiation Checklist*. Petitioner provided declarations indicating the importer profit margin and based international freight on its knowledge and experience. See Petition at Exhibit 36, and Supplement to the Petition, dated August 8, 2007, at pages 16–17. Additionally, Petitioner deducted from the prices a U.S. credit adjustment using the average prime rate for the POI from the U.S. Federal Reserve, at <http://www.federalreserve.gov>. See *Initiation Checklist*, at Attachment V; Supplement to the Petition, dated August 27, 2007, at Attachment 3.

Petitioner also calculated a margin based on the weighted average unit value ("AUV") data for the POI of imports from the PRC under HTSUS subheading 7326.20.0020, which contains only subject merchandise. Since the AUV for HTS 7326.20.0020 is on an FOB basis, there were no deductions made from the AUV to obtain the U.S. price.

Normal Value

Petitioner stated that the PRC remains an NME country and no determination to the contrary has yet been made by the Department. Recently, the Department examined the PRC's market status and determined that NME status should continue for the PRC. See *Memorandum from the Office of Policy to David M. Spooner, Assistant Secretary for Import Administration, Regarding the People's Republic of China Status as a Non-Market Economy*, dated May 15, 2006. (This document is available online at <http://ia.ita.doc.gov/download/prc-nme-status/prc-nme-status-memo.pdf>.) In addition, in two recent investigations, the Department also determined that the PRC is an NME country. See *Final Determination of Sales at Less Than Fair Value: Certain Activated Carbon from the People's Republic of China*, 72 FR 9508 (March 2, 2007); *Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China*, 72 FR 19690 (April 19, 2007). 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 the PRC has not been revoked by the Department and remains in effect for purposes of the initiation of this investigation. Accordingly, the NV of the product is appropriately based on factors of production valued in a surrogate market economy country in accordance with section 773(c) of the Act. In the course of this investigation, all parties will have the opportunity to provide relevant information related to the issues of the PRC's NME status and the granting of separate rates to individual exporters.

Petitioner selected India as the surrogate country arguing that, pursuant to section 773(c)(4) of the Act, India is an appropriate surrogate because it is a market economy country that is at a level of economic development comparable to that of the PRC and there is publicly available information from India. See Petition at 39. Although India is not a significant producer of steel wire garment hangers, Petitioner argued

that India is a significant producer of comparable steel wire products. *Id.* at 40. Moreover, Petitioner argued that other potential surrogate countries, *i.e.*, Egypt, Indonesia, the Philippines, and Sri Lanka, not only are not significant producers of steel wire garment hangers, but also are not significant producers of comparable steel wire products. Based on the information provided by Petitioner, we believe that the use of India as a surrogate country is appropriate for purposes of initiation. After the initiation of the investigation, we will solicit comments regarding surrogate country selection. Also, pursuant to 19 CFR 351.301(c)(3)(i), interested parties will be provided an opportunity to submit publicly available information to value factors of production within 40 days of the date of signature of the preliminary determination.

Petitioner provided dumping margin calculations using the Department's NME methodology as required by 19 CFR 351.202(b)(7)(i)(C) and 19 CFR 351.408. Petitioner calculated NVs for each U.S. price discussed above based on the consumption rates for producing steel wire garment hangers from a U.S. producer, which it stated should be similar to the consumption of PRC producers. See Petition at 41. Petitioner used this U.S. producer's consumption figures for October 2005 to September 2006. See Supplement to the Petition, dated August 8, 2007, at Exhibit I.

For the NV calculations, Petitioner was unable to obtain surrogate value figures contemporaneous with the POI for all material inputs, and accordingly relied upon the most recent information available. The source of this data is the World Trade Atlas compilation of Indian import statistics, which provided data through December 2006 at the time the Petition was filed. See Petition at Exhibit 29. To value certain factors of production, Petitioner used official Indian government import statistics, excluding those values from countries previously determined by the Department to be NME countries and excluding imports into India from Indonesia, the Republic of Korea, and Thailand, because the Department has previously excluded prices from these countries because they maintain broadly available, non-industry specific export subsidies. See *Final Results of Administrative Review and Final Results of New Shipper Review: Hand Trucks and Certain Parts Thereof from the People's Republic of China*, 72 FR 27287 (May 15, 2007), and accompanying Issues and Decision Memorandum at Comment 23. Additionally, Petitioner also

disregarded prices from North Korea, as the Department has in previous cases. *See Final Results of Antidumping Duty Administrative Review: Chrome-Plated Lug Nuts from the People's Republic of China*, 61 FR 58514 (November 15, 1996); *Preliminary Results of Antidumping Duty Administrative Review: Certain Frozen Fish Fillets from the Socialist Republic of Vietnam*, 71 FR 53387, 53399 (September 11, 2006).

For inputs valued in Indian rupees and not contemporaneous with the POI, Petitioner used information from the wholesale price indices ("WPI") in India as published in International Financial Statistics by the International Monetary Fund to inflate the input prices. *See* Petition at Exhibits 33 and 34; Supplement to the Petition, dated August 27, 2007, at Attachment 1. In addition, Petitioner made currency conversions, where necessary, based on the average rupee/U.S. dollar exchange rate for the POI, as reported on the Department's Web site at <http://ia.ita.doc.gov/exchange/index.html>.

Petitioner valued electricity in the production of steel wire garment hangers based on the Indian electricity rate as reported in the Key World Energy Statistics 2003, published by the International Energy Agency for the year 2000. *See* Petition at Exhibit 30 (*Memorandum to the File, through Alex Villanueva, Program Manager, Office 9, Import Administration, from Matthew Renkey, Senior Analyst, RE: Antidumping Duty Administrative Review of Glycine from the People's Republic of China: Surrogate Values for the Preliminary Results*, dated April 2, 2007 ("Glycine from the PRC")). Petitioner valued water using the value from *Glycine from the PRC*, which was calculated from the simple average rate of water for industrial use from various regions as reported by the Maharashtra Industrial Development Corporation at <http://midcindia.org>, dated June 1, 2003. *Id.* Petitioner valued natural gas using the 2005 rate for India published by the American Chemistry Council. *See* Petition at Exhibit 31. In each case, Petitioner adjusted these figures for inflation to the POI using WPI data. *See* Supplement to the Petition, dated August 27, 2007, at Attachments 1–2.

For the NV calculations, Petitioner calculated the surrogate financial ratios from the factory overhead, selling, general and administrative expenses, and profitability of an Indian manufacturer of steel fasteners, Lakshmi Precision Screws Ltd. ("Lakshmi"), which were used in the initiation of certain steel nails from the PRC. *See Initiation of Antidumping Investigation: Certain Steel Nails from the People's*

Republic of China and the United Arab Emirates, 72 FR 38816 (July 16, 2007) ("*Initiation of Nails from the PRC*"); *see also* Petition at 42 and Exhibit 35. Petitioner claims that Lakshmi is an appropriate source for surrogate financial ratios because the company produces fabricated wire products that use the same input, steel wire, as steel wire garment hangers and the company's data is publicly available. Petitioner states that Lakshmi produces its finished downstream wire products in a manner similar to steel wire garment hangers, *i.e.*, specifically feeding the steel wire from coils into a machine where the wire is straightened, cut to the designated length, and formed into the finished product. *See* Supplement to the Petition, dated August 8, 2007, at 26. Petitioner stated that it was unable to find public financial statements from Indian steel wire garment hanger producers because India does not have a domestic garment hanger industry; therefore, Petitioner argues, Lakshmi provides the best information reasonably available as a surrogate for the production of steel wire garment hangers in the PRC. *See* Supplement to the Petition, dated August 8, 2007, at 19.

The Department finds that Petitioner's use of Lakshmi as the source for the surrogate financial expenses is appropriate for purposes of initiation. Specifically, the Department finds that Lakshmi is the best publicly available source for the surrogate financial ratios because Lakshmi produces wire products using a main input and a production process similar to that of steel wire garment hangers. However, the Department made minor modifications to the surrogate financial ratios calculated by Petitioner. Additionally, the Department made a minor modification to the weighted average NV for the POI of imports from the PRC under HTSUS subheading 7326.20.0020. As a result, the calculations for the 12 NVs, the weighted-average NV, and the resulting margin calculations changed slightly. *See Initiation Checklist* at Attachment V.

Fair Value Comparisons

Based on the data provided by Petitioner, there is reason to believe that imports of steel wire garment hangers from the PRC are being, or are likely to be, sold in the United States at less than fair value. Based on comparisons of export price to NV, calculated in accordance with section 773(c) of the Act, the estimated dumping margins for steel wire garment hangers from the PRC range from 203.02 to 618 percent.

However, the Department may re-examine these carefully if it becomes necessary to consider the Petition margins for purposes of applying adverse facts available.

Initiation of Antidumping Investigation

Based upon the examination of Petition on steel wire garment hangers from the PRC, the Department finds that the Petition meets the requirements of section 732 of the Act. Therefore, we are initiating this antidumping duty investigation to determine whether imports of steel wire garment hangers from the PRC 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, unless postponed, we will make our preliminary determination no later than 140 days after the date of this initiation.

Separate Rates

The Department recently modified the process by which exporters and producers may obtain separate-rate status in NME investigations. *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 website at <http://ia.ita.doc.gov/policy/bull05-1.pdf>. The process requires the submission of a separate-rate status application. Based on our experience in processing the separate-rate applications in the following antidumping duty investigations, we have modified the application for this investigation to make it more administrable and easier for applicants to complete. *See Initiation of Antidumping Duty Investigation: Certain New Pneumatic Off-the-Road Tires from the People's Republic of China*, 72 FR 43591 (August 6, 2007) ("*Tires from the PRC*"); *Initiation of Nails from the PRC*, 72 FR 38816; *Initiation of Antidumping Duty Investigation: Circular Welded Carbon Quality Steel Pipe from the People's Republic of China*, 72 FR 36663 (July 5, 2007); and *Initiation of Antidumping Duty Investigations: Coated Free Sheet Paper from Indonesia, the People's Republic of China, and the Republic of Korea*, 71 FR 68537 (November 27, 2006). 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 website 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 is due no later than November 9, 2007.

Respondent Selection and Quantity and Value Questionnaire

In recent NME investigations, it has been the Department's practice to request quantity and value information from all known exporters identified in the petition. See *Initiation of Nails from the PRC*, 72 FR at 38821; *Tires from the PRC*, 72 FR at 43595. However, for this investigation, because HTSUS subheading 7326.20.00.20, as discussed above in the "Scope of the Investigation," provides comprehensive coverage of imports of steel wire garment hangers, the Department expects to select respondents in this investigation based on U.S. Customs and Border Protection ("CBP") data of U.S. imports under HTSUS subheading 7326.20.0020 from the POI.

Use of Combination Rates in an NME 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 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.

See *Separate Rates and Combination Rates Bulletin*, at 6.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act, copies of the public version of the Petition have been provided to the representative of the Government of the PRC. We will attempt to provide a copy of the public version of the Petition to the foreign producers/exporters, consistent with 19 CFR 351.203(c)(2).

International Trade Commission Notification

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

Preliminary Determinations by the International Trade Commission

The ITC will preliminarily determine, within 25 days after the date on which it receives notice of this initiation, whether there is a reasonable indication that imports of steel wire garment hangers from the PRC are causing, or threatening to cause, material injury to a U.S. industry. See section 733(a)(2)(A)(i) of the Act. A negative ITC determination will result in the investigation being terminated; otherwise, this investigation will proceed according to statutory and regulatory time limits.

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

Dated: September 10, 2007.

Joseph A. Spetrini,

Deputy Assistant Secretary for Import Administration.

[FR Doc. E7-18247 Filed 9-14-07; 8:45 am]

BILLING CODE 3510-DS-S

APPENDIX B
CONFERENCE WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject: Steel Wire Garment Hangers from China
Inv. No.: 731-TA-1123 (Preliminary)
Date and Time: August 21, 2007 - 9:30 a.m.

The conference was held in Room 101 (Main Hearing Room) of the United States International Trade Commission Building, 500 E Street, SW, Washington, DC.

In Support of the Imposition of an Antidumping Duty Order:

Vorys, Sater, Seymour and Pease LLP
Washington, DC
on behalf of

M & B Metal Products Co., Inc.

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

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

Steven M. Pedelty, Sales Representative, M&B Metal Products Co., Inc.

Dr. Patrick J. Magrath, Economist, Georgetown Economic Services

Frederick P. Waite
Kimberly R. Young) OF COUNSEL

APPENDIX C
SUMMARY DATA

Table C-1

SWG hangers: Summary data concerning the U.S. market, 2004-06, January-June 2006, and January-June 2007

(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			
	2004	2005	2006	January-June		2004-06	2004-05	2005-06	Jan.-June 2006-07
				2006	2007				
U.S. consumption quantity:									
Amount	3,245,181	2,877,932	2,820,887	1,462,191	***	-13.1	-11.3	-2.0	***
Producers' share (1)	66.6	52.7	25.9	31.2	***	-40.6	-13.8	-26.8	***
Importers' share (1):									
China	23.8	36.3	63.0	57.4	***	39.2	12.5	26.7	***
Other sources	9.6	11.0	11.1	11.4	***	1.5	1.4	0.1	***
Total imports	33.4	47.3	74.1	68.8	***	40.6	13.8	26.8	***
U.S. consumption value:									
Amount	136,259	118,690	96,791	51,240	***	-29.0	-12.9	-18.5	***
Producers' share (1)	69.2	56.5	30.5	36.7	***	-38.7	-12.7	-26.0	***
Importers' share (1):									
China	22.8	33.2	58.2	52.1	***	35.4	10.5	25.0	***
Other sources	8.0	10.3	11.3	11.2	***	3.3	2.3	1.0	***
Total imports	30.8	43.5	69.5	63.3	***	38.7	12.7	26.0	***
U.S. imports from:									
China:									
Quantity	773,684	1,044,701	1,777,680	838,943	1,321,194	129.8	35.0	70.2	57.5
Value	31,007	39,445	56,335	26,673	38,858	81.7	27.2	42.8	45.7
Unit value	\$40.08	\$37.76	\$31.69	\$31.79	\$29.41	-20.9	-5.8	-16.1	-7.5
Ending inventory quantity	87,857	80,820	103,342	40,686	114,006	17.6	-8.0	27.9	180.2
All other sources:									
Quantity	311,488	315,631	312,182	167,253	172,315	0.2	1.3	-1.1	3.0
Value	10,947	12,231	10,928	5,745	5,746	-0.2	11.7	-10.7	0.0
Unit value	\$35.14	\$38.75	\$35.01	\$34.35	\$33.35	-0.4	10.3	-9.7	-2.9
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	1,085,172	1,360,331	2,089,862	1,006,196	1,493,509	92.6	25.4	53.6	48.4
Value	41,954	51,677	67,263	32,419	44,604	60.3	23.2	30.2	37.6
Unit value	\$38.66	\$37.99	\$32.19	\$32.22	\$29.87	-16.7	-1.7	-15.3	-7.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity	2,610,278	2,069,378	1,511,678	891,539	***	-42.1	-20.7	-27.0	***
Production quantity	2,211,559	1,486,650	689,680	454,912	***	-68.8	-32.8	-53.6	***
Capacity utilization (1)	84.7	71.8	45.6	51.0	***	-39.1	-12.9	-26.2	***
U.S. shipments:									
Quantity	2,160,009	1,517,601	731,025	455,995	***	-66.2	-29.7	-51.8	***
Value	94,305	67,013	29,528	18,821	***	-68.7	-28.9	-55.9	***
Unit value	\$43.66	\$44.16	\$40.39	\$41.27	\$**	-7.5	1.1	-8.5	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	\$**	\$**	\$**	\$**	\$**	***	***	***	***
Ending inventory quantity	110,846	71,861	26,810	67,779	***	-75.8	-35.2	-62.7	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	564	446	229	236	***	-59.4	-20.9	-48.7	***
Hours worked (1,000s)	1,344	978	420	326	***	-68.8	-27.2	-57.1	***
Wages paid (\$1,000s)	15,697	13,894	6,064	4,748	***	-61.4	-11.5	-56.4	***
Hourly wages	\$11.68	\$14.21	\$14.44	\$14.56	\$**	23.6	21.6	1.6	***
Productivity (hangers per hour)	1,646	1,520	1,642	1,395	***	-0.2	-7.6	8.0	***
Unit labor costs	\$7.10	\$9.35	\$8.79	\$10.44	\$**	23.9	31.7	-5.9	***
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. Financial data do not include Laidlaw. 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
SUPPLEMENTAL PRICE DATA

Table D-1

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, by source and by quarters, January 2004 -June 2007

Period	United States		China		Mexico	
	Price (1,000 hangers)	Quantity (1,000 hangers)	Price (1,000 hangers)	Quantity (1,000 hangers)	Price (1,000 hangers)	Quantity (1,000 hangers)
2004: Jan.-Mar.	***	***	\$26.61	22,356	***	***
Apr.-June	***	***	26.81	29,062	***	***
July-Sept.	***	***	26.22	33,483	***	***
Oct.-Dec.	***	***	26.70	36,642	***	***
2005: Jan.-Mar.	***	***	24.76	26,059	***	***
Apr.-June	***	***	24.90	32,481	***	***
July-Sept.	***	***	23.33	19,344	***	***
Oct.-Dec.	***	***	23.28	30,879	***	***
2006: Jan.-Mar.	***	***	24.76	24,458	***	***
Apr.-June	***	***	23.36	32,148	***	***
July-Sept.	***	***	23.26	29,341	***	***
Oct.-Dec.	***	***	22.94	28,079	***	***
2007: Jan.-Mar.	***	***	22.65	27,378	***	***
Apr.-June	***	***	22.97	37,500	***	***

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

Table D-2

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, by source and by quarters, January 2004 -June 2007

Period	United States		China		Mexico	
	Price (1,000 hangers)	Quantity (1,000 hangers)	Price (1,000 hangers)	Quantity (1,000 hangers)	Price (1,000 hangers)	Quantity (1,000 hangers)
2004: Jan.-Mar.	***	***	\$43.13	2,608	***	***
Apr.-June	***	***	43.16	3,441	***	***
July-Sept.	***	***	40.13	5,628	***	***
Oct.-Dec.	***	***	42.30	3,771	***	***
2005: Jan.-Mar.	***	***	36.49	3,426	***	***
Apr.-June	***	***	36.17	3,319	***	***
July-Sept.	***	***	35.27	3,703	***	***
Oct.-Dec.	***	***	27.95	4,163	***	***
2006: Jan.-Mar.	***	***	32.36	2,283	***	***
Apr.-June	***	***	29.00	3,203	***	***
July-Sept.	***	***	30.33	3,267	***	***
Oct.-Dec.	***	***	30.21	3,781	***	***
2007: Jan.-Mar.	***	***	30.27	2,868	***	***
Apr.-June	***	***	28.06	3,721	***	***

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

Table D-3

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 3, by source and by quarters, January 2004 -June 2007

Period	United States		China		Mexico	
	Price (1,000 hangers)	Quantity (1,000 hangers)	Price (1,000 hangers)	Quantity (1,000 hangers)	Price (1,000 hangers)	Quantity (1,000 hangers)
2004: Jan.-Mar.	***	***	\$43.0	143	***	***
Apr.-June	***	***	30.91	93	***	***
July-Sept.	***	***	28.68	577	***	***
Oct.-Dec.	***	***	29.53	3,009	***	***
2005: Jan.-Mar.	***	***	32.31	665	***	***
Apr.-June	***	***	27.17	1,041	***	***
July-Sept.	***	***	28.56	984	***	***
Oct.-Dec.	***	***	29.76	1,055	***	***
2006: Jan.-Mar.	***	***	29.62	1,500	***	***
Apr.-June	***	***	27.17	1,365	***	***
July-Sept.	***	***	28.10	1,681	***	***
Oct.-Dec.	***	***	27.61	1,412	***	***
2007: Jan.-Mar.	***	***	29.49	1,317	***	***
Apr.-June	***	***	31.68	2,457	***	***

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

Table D-4

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 4, by source and by quarters, January 2004 -June 2007

Period	United States		China		Mexico	
	Price (1,000 hangers)	Quantity (1,000 hangers)	Price (1,000 hangers)	Quantity (1,000 hangers)	Price (1,000 hangers)	Quantity (1,000 hangers)
2004: Jan.-Mar.	***	***	\$39.54	1,524	***	***
Apr.-June	***	***	44.24	3,229	***	***
July-Sept.	***	***	39.39	4,681	***	***
Oct.-Dec.	***	***	38.04	4,243	***	***
2005: Jan.-Mar.	***	***	37.27	3,352	***	***
Apr.-June	***	***	34.56	4,368	***	***
July-Sept.	***	***	30.90	2,221	***	***
Oct.-Dec.	***	***	28.24	1,688	***	***
2006: Jan.-Mar.	***	***	27.52	2,520	***	***
Apr.-June	***	***	27.08	2,345	***	***
July-Sept.	***	***	28.05	2,768	***	***
Oct.-Dec.	***	***	27.52	2,216	***	***
2007: Jan.-Mar.	***	***	27.59	2,200	***	***
Apr.-June	***	***	28.15	2,593	***	***

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

Table D-5
SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 5,
by source and by quarters, January 2004 -June 2007

Period	United States		China		Mexico	
	Price (1,000 hangers)	Quantity (1,000 hangers)	Price (1,000 hangers)	Quantity (1,000 hangers)	Price (1,000 hangers)	Quantity (1,000 hangers)
2004: Jan.-Mar.	***	***	\$36.23	2,077	***	***
Apr.-June	***	***	37.32	1,904	(¹)	(¹)
July-Sept.	***	***	36.05	706	***	***
Oct.-Dec.	***	***	34.01	902	***	***
2005: Jan.-Mar.	***	***	32.30	3,501	***	***
Apr.-June	***	***	30.95	7,286	***	***
July-Sept.	***	***	30.38	3,966	***	***
Oct.-Dec.	***	***	26.77	6,788	***	***
2006: Jan.-Mar.	***	***	26.93	5,553	***	***
Apr.-June	***	***	29.05	6,286	***	***
July-Sept.	***	***	29.01	5,015	***	***
Oct.-Dec.	***	***	28.99	5,110	***	***
2007: Jan.-Mar.	***	***	27.96	3,950	***	***
Apr.-June	***	***	28.31	6,015	***	***
¹ Not available.						
Source: Compiled from data submitted in response to Commission questionnaires.						

Table D-6

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 6, by source and by quarters, January 2004 -June 2007

Period	United States		China		Mexico	
	Price (1,000 hangers)	Quantity (1,000 hangers)	Price (1,000 hangers)	Quantity (1,000 hangers)	Price (1,000 hangers)	Quantity (1,000 hangers)
2004: Jan.-Mar.	***	***	\$47.29	1,666	***	***
Apr.-June	***	***	45.36	3,416	***	***
July-Sept.	***	***	44.79	6,626	***	***
Oct.-Dec.	***	***	41.97	4,615	***	***
2005: Jan.-Mar.	***	***	45.35	2,565	***	***
Apr.-June	***	***	46.36	5,285	***	***
July-Sept.	***	***	43.52	6,847	***	***
Oct.-Dec.	***	***	44.15	9,396	***	***
2006: Jan.-Mar.	***	***	47.13	9,656	***	***
Apr.-June	***	***	41.11	17,243	***	***
July-Sept.	***	***	44.35	13,847	***	***
Oct.-Dec.	***	***	44.00	16,403	***	***
2007: Jan.-Mar.	***	***	44.18	18,789	***	***
Apr.-June	***	***	44.03	22,452	***	***

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

Table D-7

SWG hangers: Weighted-average f.o.b. prices and quantities of domestic and imported product 7, by source and by quarters, January 2004 -June 2007

Period	United States		China		Mexico	
	Price (1,000 hangers)	Quantity (1,000 hangers)	Price (1,000 hangers)	Quantity (1,000 hangers)	Price (1,000 hangers)	Quantity (1,000 hangers)
2004: Jan.-Mar.	***	***	-	-	***	***
Apr.-June	***	***	-	-	***	***
July-Sept.	***	***	-	-	***	***
Oct.-Dec.	***	***	-	-	***	***
2005: Jan.-Mar.	***	***	\$25.79	266	***	***
Apr.-June	***	***	25.80	953	***	***
July-Sept.	***	***	23.54	2,089	***	***
Oct.-Dec.	***	***	25.80	906	***	***
2006: Jan.-Mar.	***	***	25.80	3,345	***	***
Apr.-June	***	***	26.48	3,248	***	***
July-Sept.	***	***	27.30	17,574	***	***
Oct.-Dec.	***	***	27.35	18,543	***	***
2007: Jan.-Mar.	***	***	26.60	26,218	***	***
Apr.-June	***	***	27.95	38,568	***	***

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

