



## THE UNITED STATES INTERNATIONAL TRADE COMMISSION

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

Friday,  
 January 20, 2012

Courtroom B  
 U.S. International  
 Trade Commission  
 500 E Street, S.W.  
 Washington, D.C.

The preliminary conference commenced, pursuant to Notice, at 9:28 a.m., at the United States International Trade Commission, DOUGLAS CORKRAN, Supervisory Investigator, presiding.

## APPEARANCES:

On behalf of the International Trade Commission:

DOUGLAS CORKRAN, SUPERVISORY INVESTIGATOR  
 JENNIFER MERRILL, INVESTIGATOR  
 STEFANIA POZZI PORTER, INVESTIGATOR  
 KATHRYN LUNDQUIST, INTERNATIONAL TRADE ANALYST  
 MARIN WEAVER, ECONOMIST  
 MARY JANE ALVES, ATTORNEY/ADVISOR  
 SHARON BELLAMY, HEARING AND MEETINGS ASSISTANT

APPEARANCE: (Cont'd.)

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

On behalf of M&B Metal Products Company, Inc;  
Innovative Fabrication LLC/Indy Hanger; and,  
US Hanger Company, LLC:

MILTON M. MAGNUS, III, President  
M&B Metal Products Company, Inc.

STEVEN M. PEDELTY, Sales Manager  
M&B Metal Products Company, Inc.

CATHY J. CRONIC, Controller and  
Secretary/Treasurer  
M&B Metal Products Company, Inc.

ROGER CROWDER, President,  
Innovative Fabrication LLC/Indy Hanger

WALTER SMITH, Vice President  
Innovative Fabrication LLC/Indy Hanger

FREDERICK P. WAITE, Esquire  
KIMBERLY R. YOUNG, Esquire  
SUTTON A. MEAGHER, Esquire  
Vorys, Sater, Seymour and Pease LLP  
Washington, D.C.

APPEARANCES; (Cont'd.)

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

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

JAMES LIM, President  
TJ Company, Ltd., Tan Dinh Enterprises  
and Infinite Industrial Hanger, Ltd.

JOSEPH PEREIRA, Consultant and Manufacturers  
Representative  
Triloan Hanger, Inc.

HUA TRINH, Manufacturers Representative  
Linh Sa Hamico Company, Ltd. and South East  
Asia Hamico Export JSC

NGHEIM TRAN, Consultant  
Fabricare Choice

A. Joel Goldman, Partner  
JL Imports

JEFFREY S. NEELEY, Esquire  
MICHAEL S. HOLTON, Esquire  
Barnes, Richardson & Colburn  
Washington, D.C.

I N D E X

	PAGE
OPENING STATEMENT OF FREDERICK P. WAITE, ESQUIRE, VORYS, SATER, SEYMOUR AND PEASE LLP	7
OPENING STATEMENT OF JEFFREY S. NEELEY, ESQUIRE, BARNES, RICHARDSON AND COLBURN	10
TESTIMONY OF MILTON M. MAGNUS, III, PRESIDENT, M&B METAL PRODUCTS COMPANY, INC.	17
TESTIMONY OF STEVEN M. PEDELTY, SALES MANAGER, M&B METAL PRODUCTS COMPANY, INC.	25
TESTIMONY OF WALTER SMITH, VICE PRESIDENT, INNOVATIVE FABRICATION LLC/INDY HANGER	31
TESTIMONY OF FREDERICK P. WAITE, ESQUIRE, VORYS, SATER, SEYMOUR AND PEASE	35
TESTIMONY OF ROGER CROWDER, PRESIDENT, INNOVATIVE FABRICATION LLC/INDY HANGER	61
TESTIMONY OF NGHEIM TRAN, CONSULTANT, FABRICARE CHOICE	100
TESTIMONY OF JOSEPH PEREIRA, CONSULTANT AND MANUFACTURERS REPRESENTATIVE, TRILOAN HANGER, INC.	104
TESTIMONY OF JAMES LIM, PRESIDENT, TJ COMPANY, LTD., TAN DINH ENTERPRISES AND INFINITE INDUSTRIAL HANGER, LTD.	106
TESTIMONY OF HUA TRINH, MANUFACTURERS REPRESENTATIVE, LINH SA HAMICO COMPANY, LTD. AND SOUTH EAST ASIA HAMICO EXPORT JSC	108
TESTIMONY OF A. JOEL GOLDMAN, PARTNER, JL IMPORTS	109

I N D E X

	PAGE
CLOSING STATEMENT OF FREDERICK P. WAITE, VORYS, SATER, SEYMOUR AND PEASE LLP	141
CLOSING STATEMENT OF JEFFREY S. NEELEY, BARNES, RICHARDSON & COLBURN	147



1 answering questions for the benefit of the court  
2 reporter. Finally, speakers will not be sworn in but  
3 are reminded of the applicability of 18 U.S.C. 1001  
4 with regard to false or misleading statements and to  
5 the fact that the record of this proceeding may be  
6 subject to court review if there is an appeal.

7 Are there any questions?

8 (No response.)

9 MR. CORKRAN: Hearing none we will proceed  
10 with the opening statement. Mr. Waite, please begin  
11 with your opening statement when you are ready.

12 MR. WAITE: Good morning, Mr. Corkran,  
13 members of the staff. My name is Fred Waite with the  
14 firm of Vorys, Sater, Seymour and Pease. I am here  
15 today on behalf of the Petitioners in this case who  
16 represent the U.S. industry producing steel wire  
17 garment hangers.

18 Imports of garment hangers from Taiwan and  
19 Vietnam have devastated the U.S. market, and they are  
20 causing material injury to the U.S. hanger industry.  
21 The volume of these subject hanger imports literally  
22 exploded following the imposition of an antidumping  
23 order on hangers from China in October 2008.

24 In 2009, imports from Taiwan increased by  
25 more than 1,200 percent over the previous year, and

1 they increased even further in 2010. Likewise, hanger  
2 imports from Vietnam grew by 350 percent from 2008 to  
3 2009, and by almost 100 percent the following year.  
4 Altogether imports from both countries increased by  
5 almost 900 percent since 2008, reaching the  
6 astonishing total of 1.2 billion, that is billion with  
7 a "b", hangers in 2010.

8           At the same time the low prices of Taiwanese  
9 and Vietnamese hangers consistently and significantly  
10 undersold hangers sold in the U.S.A., resulting in  
11 depressed and suppressed prices for the American  
12 industry. Numerous examples of lost sales and lost  
13 revenues were submitted with our petition, and the  
14 price disparity between imported hangers and those  
15 made in the U.S. is also demonstrated by comparing the  
16 average unit values from official import statistics  
17 with U.S. pricing data. We also expect the responses  
18 to the Commission's importers' questionnaire will  
19 confirm widespread underselling by subject imports.

20           Consequently, the surge of low-priced  
21 imports from Taiwan and Vietnam resulted in deep  
22 financial losses for the U.S. industry throughout the  
23 period of investigation. The industry operated in the  
24 red each year from 2008 through 2010 and during  
25 interim 2011 as the result of severely depressed

1 pricing and low operating rates, all caused by subject  
2 imports.

3           Although several new U.S. companies entered  
4 the hanger industry after 2008 when the dumping order  
5 was issued against China, a number of them were  
6 quickly driven out by the onslaught of unfairly traded  
7 imports from Taiwan and Vietnam. We will discuss  
8 these companies as well as those who so far have  
9 managed to survive in greater detail during our  
10 testimony later this morning.

11           Also since 2008, Taiwan and Vietnam have  
12 dramatically expanded their capacity to produce  
13 hangers to more than 480 million units annually for  
14 Taiwan and an incredible 1.2 billion hangers for  
15 Vietnam. They were still adding new capacity in 2011  
16 and more is planned for this year. Since virtually  
17 all of the hangers made in both of these countries are  
18 destined for the U.S. market this enormous capacity  
19 poses a grave threat to the U.S. industry.

20           Given these facts there can be no question  
21 that the U.S. hanger industry is being injured by  
22 imports of steel wire garment hangers from Taiwan and  
23 Vietnam, and that without relief under our trade laws  
24 this severe injury will continue into the future.  
25 thank you.

1 MR. CORKRAN: Thank you, Mr. Waite. And Mr.  
2 Neeley when you are ready.

3 MR. NEELEY: Thanks. I'm Jeff Neeley from  
4 the law firm of Barnes, Richardson and Colburn, and I  
5 am here today on behalf of JL Imports, which is a  
6 major distributor and importer. On behalf of TJ  
7 Company and its related producers in Vietnam. Triloan  
8 Hanger and also on behalf of the Hamico companies in  
9 Vietnam. We think that these three companies in  
10 Vietnam that we represent are the three largest hanger  
11 producers in Vietnam.

12 What we are going to tell you today I think  
13 is going to be quite different than that of Mr. Waite.  
14 His story is one of kind of a typical antidumping  
15 case, but there are very significant factual  
16 differences here and we think, in fact, this is a  
17 highly unusual case.

18 One word that we did not hear in the opening  
19 presentation and one word that we did not hear, I  
20 don't believe or did not see in the petition, is the  
21 word "transshipment". That's a very significant word.  
22 It's a very significant element of what's going on in  
23 the world today with regard to hangers.

24 This is an unusual case because it was  
25 brought now for a very good reason. I think that the

1 domestic industry was shrewd in bringing the case now  
2 because what we have seen is sort of the peak of the  
3 volume from Vietnam and Taiwan. We have seen the peak  
4 of it not because of legitimate shipments from Vietnam  
5 and Taiwan, but rather largely because of  
6 transshipments, and what has also happened very  
7 recently as I think the Commission is aware is that  
8 there has been a reduction in the antidumping duty  
9 with regard to China.

10           The reason for the transshipment, of course,  
11 was that people were trying to avoid the higher duty,  
12 the higher all other rate separate, and so they were  
13 transshipping. Now from any companies it's down to  
14 1.71 percent. Okay, so what you're going to see and  
15 what you have already begun to see in fact from Taiwan  
16 in particular is a huge drop, and not because of  
17 legitimate companies, but because of transshipments,  
18 because the incentive is no longer there.

19           Number one, we think that the law is very  
20 clear about these transshipments. The law says that  
21 it's less than fair value or subsidized imports that  
22 the Commission is to look at with regard to injury.  
23 Shipments that are transhipped by their nature cannot  
24 be from that country, therefore cannot be sold at less  
25 than fair value from that country, cannot be

1 subsidized by that country. So, they have got to be  
2 taken out.

3           The Commission has addressed this issue  
4 before, not quite in this context, so that's why I say  
5 it's a little bit of an unusual case in the sense that  
6 the Commission needs to really grapple with this, and  
7 we realize that this becomes basically a factual  
8 issue. I don't think there is any doubt that there  
9 are a major amount of transshipments. In fact, the  
10 domestic industry spent a lot of time in the last  
11 couple of years going to the Customs Service,  
12 rightfully so, and complaining about transshipments,  
13 and has put out press releases, has done a great deal  
14 to try to prevent these transshipments.

15           So, the fact that there are a lot of  
16 transshipments I don't think is really a fact that is  
17 in dispute here. I think the only fact possibly in  
18 dispute, and maybe it's not, is how much are there,  
19 and I think we have got to put a number on that  
20 because those need to be taken out, both the volume  
21 and the price effects that the Commission is going to  
22 look at.

23           The reason that I think that the Petitioner  
24 has not said the word "transshipments" and has not  
25 raised the issue of transshipments is that it knows

1 perfectly well what it does to its case. It reduces  
2 very significantly the volume of what's coming into  
3 the United States that can legitimately be looked at  
4 for injury purposes, and number two, it completely  
5 devastates their case with regard to pricing.

6           Everybody on our side of the table is  
7 suffering from the same problems regarding pricing and  
8 volumes from transshipments as on the other side of the  
9 table. Any legitimate producer, any legitimate  
10 company has a problem with that, so we are perfectly  
11 supportive of Petitioners going after the  
12 transshipments, but not through this process. I mean,  
13 the process that is appropriate, the process that is  
14 in the law to go after transshipments is through the  
15 Customs Service, through the Commerce Department, not  
16 through filing an antidumping case and trying to go at  
17 it indirectly.

18           I would also just say, if I can -- well, do  
19 you want me to stop or I can do this other part when I  
20 do the introduction for the -- because I see my red  
21 light is on.

22           MR. CORKRAN: Do you want to borrow against  
23 the 60 minutes of the presentation?

24           MR. NEELEY: Yes, just let me finish the  
25 thought.

1 MR. CORKRAN: Certainly.

2 MR. NEELEY: And then I won't do it in the  
3 opening for the 60 minutes.

4 The other thing that I think the Commission  
5 needs to take into account is how the domestic  
6 industry itself is doing. Obviously that is something  
7 you needed to look at under the statute.

8 We have a somewhat unusual situation here,  
9 too, is that we have significant and we think  
10 successful new entrants into the U.S. industry over  
11 the last couple of years. Indy Hanger being a prime  
12 example where they have done some very intelligent  
13 things from what I can tell and have been very  
14 successful at it. This shows a certain optimism about  
15 the industry and its future. People don't make  
16 investments unless they think that there are, you  
17 know, some good opportunities there, and but for the  
18 transshipments, accepting everything that the domestic  
19 industry says is true with regard to their financials,  
20 they would certainly be doing much better than they  
21 are. So, we think that whatever problems that they  
22 may think they have are really due almost entirely to  
23 the transshipments.

24 Plainly, there is no ability of the U.S.  
25 industry to serve the entire U.S. market. There

1 simply is not enough capacity. There must be imports  
2 and those imports are going to come from somewhere.  
3 They are either going to come from Mexico, which is  
4 where probably some people in this room would prefer  
5 they come from, or they are going to come from Vietnam  
6 or other places if not Vietnam.

7           The point here is that it's not the purpose  
8 of this law to go against transshipments. It's not the  
9 purpose of this law to protect Mexican operations.  
10 It's to look at less than fair value from Vietnam and  
11 Taiwan and that's a large part of our testimony.

12           I would also just add as a final thought  
13 with regard to threat. The radical change in the  
14 situation with regard to China, the drop to the 1.71  
15 percent rate from many companies means that the  
16 increase, the threat, the potential of further  
17 increases from Vietnam, legitimate products from  
18 Taiwan or legitimate products from Taiwan is  
19 negligible. It's going to become a very difficult  
20 situation with regard to competition in the near  
21 future because of China from all of these countries,  
22 from Vietnam and Taiwan, from anybody else because  
23 China is just simply so large.       So, the threat  
24 issue is simply nonexistent.

25           So, that sort of wraps up my opening

1 statements and we will continue with those thoughts in  
2 a few minutes. Thank you.

3 MR. CORKRAN: Thank you, Mr. Neeley.

4 Mr. Waite, if you can bring up the first  
5 panel please.

6 MR. WAITE: I think we've settled in, Mr.  
7 Corkran. Good morning again. For the record again,  
8 my name is Fred Waite and I am here representing  
9 Petitioners in this investigation.

10 Our panel today consists of Mr. Milton  
11 Magnus on my right. Mr. Magnus is president of M&B  
12 Metal Products Company, Inc. He is joined by Steve  
13 Pedelty, sales manager for M&B, and Cathy Cronic, who  
14 is controller and secretary/treasurer of M&B. Also on  
15 our panel this morning on my left are the president  
16 and vice president of Innovative Fabrication LLC known  
17 as Indy Hanger. Mr. Roger Crowder is the president,  
18 and Mr. Walt Smith is vice president. Finally, my  
19 colleagues Kim Young on my extreme left and Sutton  
20 Meagher on my extreme right from Vorys, Sater, Seymour  
21 and Pease are also here today. Dr. Pat Magrath of  
22 Magrath & Otis hoped to be here today with us, but he  
23 is still recovering from surgery and unfortunately  
24 cannot join us. Mr. Magnus will begin our  
25 presentation this morning.

1           MR. MAGNUS: Good morning. I am Milton  
2 Magnus, President of M&B Metal Products Company, Inc.,  
3 better know as M&B Hangers. We manufacture steel wire  
4 garment hangers in Leeds, Alabama and in Mexico. For  
5 simplicity I will refer to steel wire garment hangers  
6 in the rest of my testimony as hangers.

7           This is the fourth time I've testified at  
8 the Commission on behalf of the American hanger  
9 industry. The first time was for the Section 421  
10 investigation of hangers from China. More recently I  
11 appeared here in 2007 and again in 2008 in connection  
12 with the antidumping investigation on hangers from  
13 China.

14           People ask me why I keep fighting this  
15 battle. I say because it's the right thing to do.  
16 It's the right thing for my company, for our workers.  
17 It is the right thing for my family, which has been  
18 producing hangers for four generations in Leeds,  
19 Alabama. It was the right thing when the Chinese  
20 offered to buy my company, probably to shut it down,  
21 and I said no. It was the right thing when it looked  
22 like China was going to force every last US hanger  
23 producer out of business, but I refused to become a  
24 distributor of Chinese hangers, and it is the right  
25 thing to do now when imported hangers from Taiwan and

1 Vietnam are flooding the market at unfair prices, and  
2 preventing the American hanger industry from  
3 recovering from the damage caused by the Chinese  
4 hanger imports.

5           When I testified in the China case I told  
6 the Commission that if we received relief we would  
7 ramp up our U.S. production and restart idle  
8 equipment, which we did. We did experience some  
9 improvement in the market just after the antidumping  
10 order was issued. We invested in a new paint line in  
11 Leeds in anticipation of increasing our output as a  
12 result of that case, and we also reconditioned and  
13 repositioned hanger machines.

14           The case on China also allowed other  
15 companies to begin producing hangers in the United  
16 States, such as Indy Hanger of Indiana, and U.S.  
17 Hanger in California, who are both Petitioners in this  
18 case, and there were others who also started domestic  
19 hanger production: Eagle Hangers in Texas, Great  
20 Plains Hanger in Nebraska, and Platinum Hanger in  
21 Delaware were all new U.S. producers who entered the  
22 market after the China case.

23           But not long after the order on China went  
24 into effect imports from Taiwan and Vietnam, which had  
25 never been in the U.S. market before, started shipping

1 huge quantities of hangers at prices equal to or lower  
2 than the Chinese prices. Great Plains and Platinum  
3 Hanger both of shut down, and Shanti Industries,  
4 another U.S. hanger producer that started production  
5 around the same time as the China case went into  
6 effect, filed for bankruptcy and then its assets were  
7 liquidated. My company, M&B, joined by Petitioners  
8 Indy Hanger and US Hanger, are battling the unfair  
9 prices on hangers imports from Taiwan and Vietnam.

10 Let me review with you the current state of my  
11 company and then the U.S. hanger industry in general.

12 As I mentioned, M&B invested in new  
13 equipment at our Leeds plant because we thought  
14 removal of unfairly traded Chinese hangers from the  
15 market would restore a level playing field. We wanted  
16 to expand our production and employment in Alabama and  
17 produce hangers profitably in the United States. We  
18 knew that efficient and dedicated American hanger  
19 producers and our workers would be able to serve the  
20 market. However, almost as soon as the ink was dry on  
21 the antidumping order on China low priced and  
22 subsidized imports from Vietnam and Taiwan flooded  
23 into the United States.

24 From zero imports in 2007, Vietnam shipped  
25 more than 425 million hangers into the U.S. in 2009

1 and close to a billion, that's billion with a "b" in  
2 2010. These hangers were priced below our cost of  
3 materials and they were aggressively sold at lower and  
4 lower prices. Our customers told us that they had to  
5 have the low-priced hangers to compete and many of  
6 them switched to imported hangers.

7           It was the same story with Taiwan. Although  
8 Taiwanese companies had shipped more expensive non-  
9 subject hangers to the U.S. prior to the China case,  
10 Taiwan joined Vietnam in pushing huge quantities of  
11 low-priced hangers after 2008. Imports from Taiwan  
12 increased from nominal quantities to more than 300  
13 million in both 2009 and 2010. By my calculation,  
14 those are 1,200 percent above 2008 levels.

15           What has been the effect of this flood of  
16 unfairly priced hangers into the U.S. market? We and  
17 other American producers have lost sales and  
18 customers. We often were forced to drop our prices  
19 significantly in order to keep the business that we  
20 had. My company has already submitted to the  
21 Commission numerous examples of these lost sales and  
22 lost revenues caused by imported hangers from Vietnam  
23 and Taiwan.

24           As we indicated in our petition, more than  
25 65 companies in Vietnam and Taiwan exported hangers to

1 the United States, which is the largest market in the  
2 world for hangers. To my knowledge, no other country  
3 consumes even a fraction of the number used in the  
4 United States every year by dry cleaners and  
5 industrial laundries.

6           As a result of this case we hope to obtain  
7 relief so we can again ramp up our U.S. production.  
8 That is our goal and we will do just that if we are  
9 successful in this case as we did after the China  
10 case. We have excess capacity and idle machinery in  
11 our factory in Alabama that could easily be used to  
12 significantly increase our output in relatively a  
13 short period of time.

14           Moreover, as I have noted previously, there  
15 are entrepreneurs throughout the United States who  
16 have shown that they can get into this business very  
17 quickly if only they can be assured that the market is  
18 fair.

19           In Leeds, we produce only hangers and our  
20 equipment can only be used to make hangers. This is  
21 the same way with the other hanger producers here in  
22 the United States and overseas, and the other U.S.  
23 producers cannot re-tool our machinery and workers to  
24 make other products. In the same way the hanger  
25 producers in Vietnam and Taiwan must use their huge

1 capacity to make only hangers, and the United States  
2 is the only market for them.

3           Maybe now would be a good time for me to  
4 briefly go through the different types of hangers and  
5 how they are made. I will do this by referring to the  
6 five types of hangers that were selected as products  
7 in this investigation. Samples of these hangers are  
8 displayed on the board.

9           The first product in the upper left-hand  
10 corner is the 18-inch shirt hanger. Eighteen inch  
11 refers to the length on the bottom bar of a hanger.  
12 The standard 18-inch shirt hangers are produced from  
13 14.5 inch gauge wire which is a lighter gauge wire.  
14 Shirt hangers come in a variety of colors such as  
15 black, blue, red, gold and white, and they are used  
16 primarily for dry cleaning dress shirts and casual  
17 shirts, or laundering dry cleaning dress shirts.  
18 Shirt hangers are one of the three most common hangers  
19 that most dry cleaners use.

20           Products two and three that are below the  
21 shirt hangers, they are the standards varieties of  
22 cape hangers. The standard cape hanger is 16 inches  
23 in length across the bottom bar. These hangers are  
24 generally painted a gold tone and the paper cover or  
25 cape is either plain white like product two or printed

1 with a custom design or stock design like product  
2 three. Designs such as "we love our customers" and  
3 "God bless America" are some of the most common stock  
4 print designs. Just last year M&B produced pink cape  
5 hangers to support the National Fight Against Cancer.  
6 You can go to our website [www.pinkhangers.com](http://www.pinkhangers.com) to get  
7 more information about this program.

8           The cape hangers selected by the Commission  
9 include both plain cape hangers and stock-printed cape  
10 hangers. Both types are 16 inch and 13 gauge. Cape  
11 hangers are also one of the most common types of dry  
12 cleaning hangers.

13           The third most common dry cleaning hanger is  
14 a strut hanger. This is product four on the board. A  
15 strut hanger has a tube along the bottom bar. You  
16 will notice that the hook on the strut has a double  
17 wire. That is because the wire is bent in the middle  
18 of the hook and the ends of the wire are tucked inside  
19 the ends of the tube. The wire does not go all the  
20 way through the tube on a standard strut hanger. The  
21 standard strut is 16 inches across the bottom bar.  
22 Most tubes are made with white board and a latex  
23 coating is applied to the tube so that when the dry  
24 cleaner places your pants over the bottom bar they  
25 won't slip off.

1           The last product, product five, is a 13  
2 gauge 16-inch long neck latex hanger. These hangers  
3 are used by companies that supply rental uniforms.  
4 Textile rental companies use these hangers in their  
5 laundry process. After the clothes come out of the  
6 industrial laundry, washer, they are placed on latex  
7 hangers, sent through the steam tunnel to steam out  
8 the wrinkles and then taken to the heat cabinet to  
9 dry. These companies use high-speed conveyors and  
10 sorting systems in their process so the hangers must  
11 be uniform size and consistent quality. The hangers  
12 are called latex hangers because the bottom of the  
13 hanger is coated with latex coating to keep the pants  
14 from sliding off. Dry cleaners could not use a latex  
15 hanger because the bottom bar would put a crease in  
16 the trousers.

17           I would like to make one final point that is  
18 often overlooked in these cases. Besides M&B's  
19 workers who will be directly affected by this case, we  
20 buy domestic paper and cardboard, domestic paint,  
21 domestic steel, domestic boxes, and many other goods  
22 and service supplied by many U.S. companies. If we do  
23 not get relief, fewer hangers will be made in the  
24 United States and everyone in our supply chain will  
25 suffer.

1           I am a third generation owner of M&B and my  
2 son is a fourth generation employee of M&B. We know  
3 we can compete with anyone when we are on a level  
4 playing field. However, the current playing field is  
5 unfair and has not been fair for sometime. This is  
6 evident from the fact that three companies have  
7 stopped producing hangers in the United States in the  
8 last three years.

9           Thank you for listening to my concerns  
10 today. I will be happy to answer any questions you  
11 may have.

12           MR. PEDELTY: Good morning. My name is  
13 Steve Pedelty, and I sell steel wire garment hangers  
14 for M&B Metal Products, one of the Petitioners in this  
15 investigation.

16           My experience in the garment hanger industry  
17 spans almost 30 years and I have worked for four U.S.  
18 producers of wire garment hangers during that time.  
19 Two of those companies no longer exist, and a third  
20 stopped making hangers in the United States more than  
21 five years ago. As has already been discussed today,  
22 M&B is one of the few remaining producers of steel  
23 garment hangers in the United States.

24           The customers for our hangers can be divided  
25 into two main groups. The first customer segment of

1 our business is the industrial laundry or uniform  
2 rental industry. They use hangers in their operations  
3 of washing, delivery and renting of clothes for  
4 various industries. Their customers include  
5 automobile assembly plants, steel mills, car  
6 dealerships, UPS, and even M&B. The people who wear  
7 these rented clothes could be production workers,  
8 mechanics, hospital staff, supervisors, and airline  
9 employees just to name a few.

10           The second customer segment is the dry  
11 cleaning distribution business. These distributors  
12 buy hangers for resale to local dry cleaners  
13 throughout the country. This is a segment of the  
14 business that is familiar to most Americans.

15           My first job as a hanger salesman began in  
16 May of 1982 when I joined Cleaners Hanger Company. At  
17 that time Cleaners Hanger, or CHC, was the largest  
18 producer of garment hangers in the United States and  
19 the world. In 2002, I was promoted to vice president  
20 of sales for CHC which operated manufacturing plants  
21 in six states. During this time CHC made and sold  
22 more than 1.5 billion hangers a year, and I was  
23 responsible for marketing the company's hangers to  
24 customers throughout the country.                   However,  
25 CHC filed for bankruptcy in late 2003 after the 421

1 case and everyone lost their jobs, including me.

2           In January 2004, I joined another American  
3 hanger producer, Nagel Hanger also known as U.S.  
4 Hanger where I was the company's vice president of  
5 sales. Nagel was making hangers in both Texas and  
6 Mexico when I joined the company. As their only  
7 salesman, I called on all of their customers  
8 nationwide. I left Nagel in March of 2004 and the  
9 company stopped hanger production later that year.

10           After leaving Nagel, I went to work as a  
11 salesman for United Wire Hanger which produced hangers  
12 at its plant in New Jersey. My sales territory  
13 covered primarily the southeastern United States but  
14 my responsibilities also included key accounts in  
15 Minnesota and California. United shut down its U.S.  
16 production entirely in June of 2006, but beginning in  
17 2005 the company began laying off employees. I was  
18 one of the employees laid off in 2005.

19           Since August of 2005, I have been working  
20 with M&B Hangers of Leeds, Alabama, where I'm the  
21 sales manager for the company. During my many years  
22 as a hanger salesman I have called on, met, and gotten  
23 to know almost all the key people buying hangers in  
24 the United States for both the uniform rental and  
25 industrial laundry industry, and for the dry cleaning

1 industry. I also regularly attend many of the trade  
2 shows, conventions and other meeting sponsored by the  
3 trade associations serving the textile industry.

4           When I began my career in the hanger  
5 business the U.S. market was served almost exclusively  
6 by a large and diverse American industry. Our  
7 industry was efficient and provided the full range of  
8 hangers at competitive prices. The erosion of this  
9 strong American industry began in the late 1990 when  
10 low-priced hangers from China began to enter the U.S.  
11 market.

12           At first Chinese exporters concentrated on  
13 shirt hangers, but they quickly moved into capes and  
14 strut hangers by offering product at prices that were  
15 20 to 40 percent or more below the prevailing prices  
16 for U.S. producers. Then Chinese latex hangers began  
17 to take a larger and larger share of the industrial  
18 laundry and uniform rental business.

19           I was a witness when M&B brought its  
20 successful antidumping case against China in 2007.  
21 The initial effect of the order in 2008 imposing  
22 tariffs against Chinese hanger imports was positive.  
23 Unfortunately, the positive effects were short-lived.  
24 I am here once again with a similar request. This  
25 time it is hangers from Vietnam and Taiwan that are

1 wreaking havoc in the U.S. hanger industry.

2           The impact of low-priced Vietnamese and  
3 Taiwanese imports has been devastating to the American  
4 hanger industry. Similar to what we previously saw  
5 with the Chinese hangers, the flood of Taiwanese and  
6 Vietnamese hangers into the United States is not the  
7 result of a better product or superior service.

8 Generally there are no differences in quality between  
9 American hangers and hangers from Vietnam and Taiwan.

10           In some cases U.S. producers may be more  
11 prompt in responding to customer needs and offer more  
12 consistent quality than imports, but in my experience  
13 customers make their purchasing decisions almost  
14 entirely on the basis of price. Here the Vietnamese  
15 and Taiwanese products have a decisive advantage.

16           Preparing for my testimony I have looked  
17 back at the last few months of M&B sales data, and my  
18 review revealed that a large amount of sales dollars  
19 have been lost to Vietnamese and Taiwanese hangers.  
20 The majority of M&B's customers that buy imported  
21 hangers have received hangers from one or both of  
22 these sources.

23           What I hear and see during my interactions  
24 with our customers show what imports are doing to the  
25 hanger business. I have heard from some of our

1 customers that the prices from Vietnam typically are  
2 less than prices for Chinese hangers and significantly  
3 less than M&B pricing. For example, we have heard  
4 prices for strut hangers that are more than 25 percent  
5 lower than the price offered by M&B. Cape hangers  
6 from Vietnam show an even larger price gap, and we  
7 hear similar prices offered for hangers from Taiwan.

8           Representatives from another customer have  
9 told me on several occasions they cannot buy hangers  
10 from M&B because these imported hangers are so much  
11 cheaper, especially on struts and capes, but also on  
12 other types of hangers. In addition, they have said  
13 that it would be easier and preferable to buy from M&B  
14 but the price gap on imported hangers is just too  
15 great.

16           During my travels making sales calls I have  
17 also seen boxes of hangers shipped from Vietnam or  
18 Taiwan in the warehouses of our customers,  
19 specifically those who have reduced their orders with  
20 M&B. As you can imagine, the lost sales from these  
21 and other clients has been extremely detrimental to  
22 M&B.

23           After being a hanger salesman for what is  
24 soon to be 30 years, I have a pretty good take on what  
25 is going on in this industry. I can quickly pick up

1 on abnormal changes. The recent change that most  
2 everyone is discussing is the ever-growing amount of  
3 hangers coming in from Vietnam and Taiwan, and the  
4 extremely cheap prices at which these hangers are  
5 being offered. The amount of sales dollars lost to  
6 M&B to these imports has been both huge and relatively  
7 sudden.

8 I fear without relief from unfair import  
9 pricing the trend will continue to grow and be  
10 catastrophic to M&B and our employees. We need  
11 effective relief from dumped Vietnamese and Taiwanese  
12 imports now so that hanger production does not  
13 disappear from the United States. Thank you.

14 MR. SMITH: Good morning. My name is Walter  
15 Smith and I am vice president of Innovative  
16 Fabrication LLC, doing business as Indy Hanger. My  
17 partner, Roger Crowder, and I set up Indy Hanger in  
18 Indianapolis, Indiana, in 2008 after the antidumping  
19 case against hangers from China. We thought that  
20 there was a real opportunity in the market to supply  
21 customers with hangers made in the U.S.A.

22 Roger and I became partners in 2007. Roger  
23 had a company called Innovative Automation which  
24 serviced sheet metal fabrication equipment. I had  
25 been running my own construction company prior to that

1 but I was ready for a new challenge. Together we  
2 purchased the assets of a company with some excess  
3 equipment and we set up a company called Innovative  
4 Fabrication and begun producing flat sheet metal  
5 parts.

6           The idea to begin manufacturing hangers  
7 actually came from our part-time sales guy who knew a  
8 salesman at a local hanger distributor. They were  
9 expecting a hanger shortfall as a result of the  
10 antidumping case against China, and they suggested  
11 that we set up production and supply hangers to them.  
12 Although our plan to supply our entire production to  
13 this distributor didn't work out, they are still a  
14 good customer of Indy Hanger today.

15           We produced galvanized wire hangers at Indy  
16 Hanger, and we sell them nationwide. I brought along  
17 some samples this morning. As you can see, these  
18 hangers look like your ordinary everyday hanger except  
19 they have a shiny silver finish. That is the zinc  
20 coating on the wire. We buy galvanized wire and we  
21 form the hangers from the wire. The zinc coating on  
22 the wire means that our hangers will not rust.  
23 Therefore we don't paint our hangers. However,  
24 painted hangers still account for a large majority of  
25 hangers in the U.S. market and therefore we do compete

1 directly with painted hangers, both U.S. made and  
2 imported.

3           Although we start our hanger production with  
4 wire, not wire rod, our production process is still  
5 comparable to other hanger producers both domestic and  
6 foreign. We know that some U.S. hanger producers draw  
7 wire from wire rod while others like us start with  
8 wire, but the process of forming hangers is still  
9 basically the same. We have equipment that takes the  
10 wire from a spool, it straightens the wire, cuts it,  
11 forms the hanger all in one continuous process.

12           Currently we sell all of our hangers to  
13 customers in the uniform rental and industrial laundry  
14 business. It is very important to these customers  
15 that the garments not slide around on the hangers so  
16 most of our hangers are coated with latex also. The  
17 latex gives the surface of the hanger a slightly  
18 sticky feel and keeps the garments from sliding  
19 around.

20           Our latex process is a dipping system. The  
21 formed hangers are dipped into a vat of liquid latex.  
22 Then the hangers are heated in an oven to dry.  
23 Although most of our production is in industrial  
24 hangers we still produce some dry cleaning hangers,  
25 but they are for industrial customers who use them for

1 executive shirts.

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

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

21           Demand has increased in 2011 and we have  
22 plans to invest this year in additional machinery  
23 which would mean more employment for our company but  
24 we are seeing depressed pricing due to very low  
25 imports in the market. Some of the companies that

1 sell imported hangers are offering ridiculously low  
2 prices that barely cover the cost of steel that goes  
3 in the box. Just recently a customer told us that  
4 hanger prices are dropping because of the low-priced  
5 imports and that we have to meet those low prices to  
6 keep their business.

7           If we are forced to drop our hanger prices  
8 to such low levels we won't make any margin at all and  
9 we won't be able to continue investing and building  
10 our company. Thank you and I look forward to  
11 answering any questions you might have.

12           MR. WAITE: Now that you have heard from the  
13 industry witnesses I just want to briefly address the  
14 statutory standards in this investigation and  
15 highlight some of the key facts in this case.

16           The Commission is familiar with this product  
17 and with this industry from earlier investigations.  
18 The instant case is the third on garment hangers in  
19 the last 10 years, thus the scope, like product and  
20 perhaps even competition issues should be well  
21 settled.

22           Both the previous investigations, the  
23 Section 421 case, and the dumping case against China  
24 found the subject imports and the domestic like  
25 product to be commodity type products sold primarily

1 on the basis of price both to end users, which  
2 includes the industrial rental and uniform industry,  
3 and to distributors for resale to dry cleaners and  
4 other retail establishments.

5           The Commission also previously determined  
6 that the various hanger types -- strut, cape, shirt,  
7 latex industrial and others -- constitute one like  
8 product. We submit that these determinations are  
9 equally applicable in this investigation.

10           You have already heard this morning that the  
11 U.S. industry is in a precarious financial situation,  
12 an obvious sign of this is the high turnover of  
13 companies entering and then exiting the domestic  
14 hanger business. Today there are five or perhaps six  
15 U.S. companies manufacturing hangers in the United  
16 States, and that includes Puerto Rico. However,  
17 during the period of investigation several other U.S.  
18 producers entered and then exited the market, forced  
19 out by unfairly traded imports from Taiwan and  
20 Vietnam.

21           If you will refer to the handout charts that  
22 we have prepared, I would like to discuss the volume,  
23 price and impact factors in this investigation.

24           MR. CORKRAN: Mr. Waite, do the Respondents  
25 have copies of this?

1 MR. WAITE: Yes, they do.

2 MR. CORKRAN: Thank you very much.

3 MR. WAITE: As an initial matter I would  
4 like to note that garment hangers have their own  
5 specific number in the Harmonized Tariff Schedule  
6 which makes the quantity and trend of imports and  
7 their market share easy to track.

8 For most of 2008, which is the first year of  
9 the POI, dumped imports from China dominated the U.S.  
10 market. However, following the imposition of the  
11 antidumping order on China in October 2008, imports  
12 from China declined sharply in 2009 and 2010 as shown  
13 in Chart 1. Still the pressure from unfair imports  
14 was unrelenting as Taiwanese and Vietnamese exports  
15 surged to capture market share formerly occupied by  
16 China.

17 The data show unfair imports from Taiwan and  
18 Vietnam flooding into the U.S. market starting in 2008  
19 and dramatically increasing their volume during each  
20 year of the POI.

21 Chart 2 shows both the unrelenting and  
22 significant volume of imports from Taiwan and Vietnam.  
23 This graph shows the continuous increase in subject  
24 imports over the three calendar years of the POI. I  
25 would note the cumulated imports from Vietnam and

1 Taiwan grew by 540 percent from 2008 to 2009, and by  
2 an additional 50 percent from 2009 to 2010. Over the  
3 entire period unfair imports from these two countries  
4 skyrocketed by 879 percent. This very large and  
5 increasing share of imports from Taiwan and Vietnam  
6 constitutes a significant volume effect of subject  
7 imports.

8           As to the price effect of subject imports,  
9 we note that the Commission has received importer  
10 questionnaires reporting pricing data for hangers from  
11 both Taiwan and Vietnam. We expect the price  
12 comparison being prepared by the staff will show  
13 significant underselling by subject imports in the  
14 U.S. market. For purposes of this public meeting,  
15 however, we are relying on average unit values of  
16 imports derived from the official import statistics  
17 and U.S. shipments. These data are a good proxy for  
18 general price levels and trends given the commodity  
19 type nature of this basic consumer product and given  
20 the fact that there is a discrete Harmonized Tariff  
21 Schedule number which is dedicated solely to steel  
22 wire garment hangers.

23           The declining prices of unfair imports and  
24 the comparisons to U.S. producers' pricing are quite  
25 dramatic and telling as you can see in Chart 3. Chart

1 3 shows that the average unit values of subject  
2 imports fell by more than 30 percent over the POI. On  
3 an individual basis the AUVs of imports from Taiwan  
4 declined by almost 50 percent and the AUVs of imports  
5 from Vietnam, which started at a lower base level,  
6 declined by 27 percent, consistently underselling U.S.  
7 products.

8           You can also see that there is some  
9 aberrational data points in this chart as shown by the  
10 spikes at the beginning of the period. We will  
11 provide you with the underlying data in our post-  
12 conference brief, but in any event Chart 3 shows  
13 import AUVs from Taiwan and Vietnam at much lower  
14 levels than U.S. shipment values.

15           The volume of subject imports increased by  
16 almost nine times and the market share taken by Taiwan  
17 and Vietnam increased to over one-half of U.S.  
18 consumption by 2010. At the same time subject import  
19 prices fell by more than 30 percent. This onslaught  
20 of unfairly traded imports has adversely affected the  
21 U.S. industry's operations and growth, resulting in  
22 deep financial losses throughout the POI.

23           As you have heard, encouraged by the  
24 Commission's affirmative determination against China  
25 and the start of declining exports from that country

1 five new U.S. companies began producing hangers in the  
2 United States during the POI. Indy Hanger in Indiana  
3 and Platinum Hanger in New Jersey started in 2008. US  
4 Hanger, which I would note parenthetically is a  
5 different company from the US Hanger that was  
6 affiliated with Nagel Hanger that was discussed  
7 previously, US Hanger and Eagle Hanger began  
8 operations in 2009. US Hanger is located in  
9 California, Eagle Hanger in Texas, and Great Plains  
10 Hanger in Nebraska started up in 2010.

11           However, two of these companies, Platinum  
12 and Great Plains, subsequently were forced to shut  
13 down their operations. Another company, Shanti Hanger  
14 Industries, which you may recall participated in the  
15 Commission's investigation of China in 2008, expanded  
16 their operations after the order against China,  
17 acquiring production in Wisconsin and contemplating  
18 the beginning of production in Kentucky to supplement  
19 their existing production in California. However,  
20 Shanti closed down its operations, went into Chapter  
21 11 and then Chapter 7 bankruptcy and stopped all  
22 hanger making activity by the beginning of 2011.

23           These were companies that avoided the  
24 Chinese storm only to succumb to a new tidal wave of  
25 unfair imports and import pricing from Taiwan and

1 Vietnam.

2           Chart 4 is the most dramatic evidence of the  
3 impact of imports from Taiwan and Vietnam on the U.S.  
4 hanger industry. Although many trade indicators  
5 declined in 2009 and then increased somewhat in 2010  
6 and 2011, less than fair value and subsidized pricing  
7 has kept U.S. producer prices down to a level where  
8 the recovery of profitability and indeed survival will  
9 be impossible.

10           For example, between the interim periods of  
11 2010 and 2011 U.S. production and total U.S. shipments  
12 and sales all rose. These increases were the natural  
13 result of new U.S. producers entering the U.S. market,  
14 yet at the same time pricing remained severely  
15 depressed. The result, as you can see, is a ratio of  
16 operating income to sales that was significantly below  
17 the industry's breakeven point throughout the POI.  
18 These substantial and recurring financial losses were  
19 caused by the unfairly traded imports from Taiwan and  
20 Vietnam, and the U.S. industry cannot continue to  
21 operate under these conditions.

22           Finally, I want to turn to the issue of  
23 threat. In addition to the relevant injury factors  
24 just presented the recent import trends and low prices  
25 of imports from the subject countries show a strong

1 ongoing threat to the domestic hanger industry. These  
2 large volumes of shipments from Taiwan and Vietnam are  
3 in turn made possible by significant and increasing  
4 productive capacity in both countries, and in the case  
5 of Vietnam by policies and laws which actively  
6 encourage the production and exportation of otherwise  
7 non-competitive goods.

8           Import volumes from the two countries have  
9 shown rapid increases in each year of the POI. We also  
10 note that virtually all of the hangers made in Taiwan  
11 and Vietnam are destined for export to the United  
12 States. To date, the Commission has received  
13 relatively few responses to its foreign producers'  
14 exporters questionnaire.

15           In the absence of specific data on Taiwanese  
16 and Vietnamese production capacity we have made a  
17 conservative estimate of hanger capacity for these  
18 countries by basing it on the highest monthly volume  
19 of imports during the period. Using this measure the  
20 high water mark for imports from Vietnam was 105.9  
21 million hangers in June of 2011, and for Taiwan it was  
22 40.5 million hangers in August 2010.

23           Chart 5 shows that annualizing these monthly  
24 volumes Taiwan has sufficient capacity to export 486  
25 million hangers to the United States each year. With

1 its exports running at an annualized rate of 73  
2 million hangers in interim 2011, it appears that  
3 Taiwan is operating at only 15 percent capacity  
4 utilization and it has the capacity to expand its  
5 exports to the United States by more than 400 million  
6 hangers a year.

7           Likewise, Vietnam has the capacity to  
8 produce and export more than 1 billion hangers to the  
9 U.S. market. Based on Vietnam's interim 2011  
10 shipments, the annualized rate is about 978 million  
11 hangers. As you can see, this means that Vietnam has  
12 the capacity to produce and export nearly 300 million  
13 more hangers to the United States.

14           In sum, this comparison of the subject  
15 countries' capacities with their actual shipment  
16 volumes shows that there is the likelihood of  
17 substantially increased imports of subject merchandise  
18 into the United States.

19           Another threat factor is the likelihood that  
20 subject merchandise is entering at prices that are  
21 likely to have a significant depressing or suppressing  
22 effect on domestic prices. This precisely describes  
23 the current situation in the U.S. garment hanger  
24 market. Hangers are a commodity type product with all  
25 market participants able to make the various types of

1 hangers. In such relatively undifferentiated  
2 commodity type markets average unit values are good  
3 proxies for prices, and Chart 3 shows the substantial  
4 and continuous underselling by subject imports which  
5 has forced U.S. hanger producers to drop their prices  
6 in order to compete.

7           As you have heard from the industry  
8 witnesses this morning, imports from Taiwan and  
9 Vietnam are injuring this domestic industry. The  
10 record shows dramatic increases in subject imports at  
11 low prices and the industry has confirmed that these  
12 low import prices have resulted in lost sales and  
13 reduced revenues, and even the closure of several  
14 domestic hanger manufacturers. Moreover, both Taiwan  
15 and Vietnam have substantial unused capacity to make  
16 hangers and their production is dedicated to the U.S.  
17 market.

18           Without relief under the trade laws the  
19 injury caused by these dumped and subsidized hangers  
20 will certainly continue. Thank you very much.

21           Twenty minutes remaining? Thank you. We  
22 would like to reserve that for our closing comments.

23           MR. CORKRAN: You get ten minutes. There is  
24 a set ten minutes for closing.

25           MR. WAITE: Okay.

1 MR. CORKRAN: Does that conclude your  
2 presentation?

3 MR. WAITE: Yes, it does.

4 MR. CORKRAN: Okay, very good. Thank you  
5 very much for your presentation, and thank you all for  
6 coming. This is tremendously helpful to us. I'd like  
7 to open the questioning with Jennifer Merrill.

8 MS. MERRILL: Good morning. I'm Jennifer  
9 Merrill from the Office of Investigations, and I first  
10 wanted to thank all of you for coming out today and  
11 helping us with understanding these investigations and  
12 answering our questions.

13 My first question is, is there a difference  
14 between the equipment or manufacturing process used to  
15 make steel-wire garment hangers in the U.S. when  
16 compared with Taiwan or Vietnam?

17 MR. MAGNUS: It's basically the same. I  
18 know the type of equipment I think that Indy has, the  
19 type of equipment they have in Taiwan and Vietnam are  
20 virtually identical. We make most of our own  
21 equipment. It's a little different, but it's still  
22 the same processes.

23 MS. MERRILL: Okay. And similarly to that,  
24 has the domestic manufacturing process changed at all  
25 since the hangers from China investigation in 2008?

1           MR. MAGNUS: This is Milton Magnus again.  
2 We have done different processes in our plant. We've  
3 hired different consultants to help us with an idea  
4 called lean manufacturing that is helping us change  
5 our process some. We still use the same type of  
6 equipment that we used before.

7           MS. MERRILL: Thank you. Next, during the  
8 investigation of steel-wire garment hangers from China  
9 in 2008, an argument was made that if the orders were  
10 put into effect, Chinese producers would simply move  
11 production to other countries. At this time, the U.S.  
12 industry was characterized at the hearing as a low-  
13 cost supplier, and they did not think that this would  
14 be a problem.

15                   Imports have since increased from Vietnam  
16 and Taiwan, as well as other countries. Do you have  
17 any comments on this? And also, are there any other  
18 countries that could possibly become leading exporters  
19 if the orders were put into place on Taiwan and  
20 Vietnam?

21           MR. WAITE: This is Fred Waite responding.  
22 At the time of the Chinese case, it was our view that  
23 China had developed an enormous capacity, in fact a  
24 capacity to service more than U.S. consumption. And I  
25 think that we all realize, based on the China case and

1 this case, that the United States is in effect the  
2 world market for steel-wire garment hangers.

3           There are small quantities of steel-wire  
4 garment hangers sold in other markets, but the United  
5 States is the overwhelming market that uses this  
6 product. Other countries, dry cleaning industries  
7 fold their garments and put them in boxes, tie them up  
8 with ribbons, and the like. In the United States, we  
9 use hangers, so that when the order came against  
10 China, the expectation was that the U.S. industry  
11 would be able to do what Mr. Magnus and what Mr. Smith  
12 described that their companies did, and that is either  
13 expand production in the case of Mr. Magnus, or enter  
14 into this business for the first time in the case with  
15 Mr. Smith and his colleagues.

16           What we saw, however, was an almost  
17 immediate transference of production capacity to other  
18 countries, primarily Taiwan and Vietnam. There is a  
19 great deal of evidence that Chinese hanger producers  
20 were in the forefront of that movement. Indeed, there  
21 is an anti-circumvention proceeding involving hangers  
22 from Vietnam under the order against China. And  
23 forgive me for being very elementary, but I want to  
24 make sure that there is complete understanding on  
25 this.

1           After the order in China came into place and  
2 hangers started coming in from Vietnam, we had  
3 evidence that a number of Vietnamese producers were in  
4 fact buying finished hangers from China and assembling  
5 them in Vietnam, which under the law would be  
6 considered a circumvention because it's a minor  
7 production process.

8           We brought an anti-circumvention petition  
9 against two countries -- two companies rather for  
10 which we have evidence. Only one company chose to  
11 participate in that proceeding, but what that company  
12 showed was that its Chinese affiliates, which were  
13 hanger producers and distributors in China, had set up  
14 both production operations in Vietnam as well as  
15 assembly operations in Vietnam.

16           So it was quite clear to us that there was a  
17 pattern developing of Taiwanese -- of Chinese  
18 expertise, equipment, materials, financing going to  
19 Vietnam to establish the industry there. And you see  
20 the result in the import tables. The same thing  
21 happened in Taiwan, where a number of new producers  
22 and exporters came into the market very rapidly.

23           Naturally, that's a distressing outcome for  
24 a U.S. industry that had brought a case against the  
25 800-pound gorilla in the world garment hanger

1 industry, but nevertheless, under the law, we have  
2 every right to pursue unfair trading practices  
3 wherever they may occur. And the fact that Vietnam  
4 and Taiwan developed as sources of hangers after the  
5 case against China in no way obviates our right and  
6 the government's obligation to investigate unfair  
7 trading practices from those countries.

8           Now, you may ask, well, what is to stop  
9 other countries from stepping in if Vietnam and Taiwan  
10 are also covered by orders? And the answer is  
11 somewhat complicated, as well as the answer to what  
12 will China do. And you heard in the introductory  
13 comments this morning, which apparently could borrow  
14 from the 60-minute time, that China is now going to  
15 pose an enormous threat going forward because of low  
16 margins as a result of the first administrative  
17 review.

18           I'll address that in a minute because  
19 nothing is ever as simple as it appears on its  
20 surface. But other countries -- one of the reasons we  
21 believe that Vietnam developed as a new supplier for  
22 China is that wage rates in Vietnam are actually lower  
23 than in China, that the Vietnamese government, as we  
24 have demonstrated to the Commerce Department in our  
25 petition, has bestowed on garment hanger producers in

1 Vietnam a whole panoply of benefits, loans,  
2 preferential pricing of wire rod, forgiveness of land  
3 rents, taxation benefits in order to develop this  
4 industry. And again, it's an industry developed only  
5 for export to the United States.

6 Vietnam does not use steel wire garment  
7 hangers, just like China does not use steel-wire  
8 garment hangers.

9 There are other countries that you've seen  
10 in the import data as shipping hangers to the United  
11 States: Malaysia and Thailand. Those have much  
12 higher labor costs than Vietnam. Pakistan. Whether  
13 one would rely on exports from Pakistan, given the  
14 political situation there, is another question that I  
15 simply can't get into.

16 Most curious to us is that Mongolia has  
17 developed as a supplier of hangers. Mongolia has no  
18 indigenous steel industry, so apparently steel is  
19 shipped 1,000 miles from mills somewhere to Mongolia,  
20 assembled or produced, fabricated into hangers, and  
21 then shipped another 1,000 miles to the nearest port,  
22 and shipped to the United States. But all of that  
23 activity in these other countries accounted for less  
24 than 5 percent, about 5 percent of total hanger  
25 imports in the interim period.

1           So they become a factor. We don't know. We  
2 don't think they will. We think there are other facts  
3 that would prevent that from happening. But if they  
4 do, we do have the right, if they are unfairly traded,  
5 to exercise our options under the trade laws. They  
6 may not be unfairly traded. The pricing may be  
7 different. What is very interesting is the pricing  
8 from Taiwan and Vietnam actually was lower than the  
9 China price during a good part of the period of  
10 investigation.

11           Now let me address China. And this gets a  
12 little -- well, it's not that complicated, if you can  
13 understand the Commerce Department's administrative  
14 review procedures. The Commerce Department conducts  
15 on an annual basis administrative reviews of dumping  
16 orders if they are requested by interested parties.  
17 Interested parties include the U.S. industry as well  
18 as foreign producers and U.S. importers.

19           The purpose of the administrative review is  
20 to recalibrate the dumping margin for the companies  
21 that are subject to that review. In the China case,  
22 there was an administrative review conducted during  
23 the first year after the order, and that review  
24 covered the period from the date of the Commerce  
25 Department's preliminary dumping determination in

1 March 2008 to the end of September 2009.

2           Two companies actively participated in that  
3 review and were individually investigated. One of the  
4 companies received a de minimis dumping margin, which  
5 is a zero, and the other company received the 1.71  
6 percent dumping margin you heard about earlier. One  
7 of the aspects of our trade laws as administered by  
8 the Commerce Department is that other companies in  
9 China may apply for and receive what is called  
10 separate rate status if they can demonstrate to the  
11 Commerce Department that they are not owned or  
12 controlled by the Chinese government or any level of  
13 governmental authority in China.

14           A number of companies applied for and  
15 received separate rate status in that first review.  
16 They also received the 1.71 percent rate. That rate  
17 became the deposit rate on dumping duties for imports  
18 from those companies from China effective in May. And  
19 you can see from our chart that starting in May 2011,  
20 when that decision was made, on chart 1, there is an  
21 uptick of imports from China as these companies began  
22 shipping.

23           Well, the Commerce Department then started  
24 the second administrative review of China, and  
25 something very dramatically different happened in that

1 second review. In that second review, the Commerce  
2 Department identified essentially six or seven  
3 companies who had shipped hangers to the United States  
4 during that period, including companies that would  
5 have shipped after the Commerce -- or as the Commerce  
6 Department was working in its first administrative  
7 review.

8           One of those companies, the company that  
9 received the zero margin the first time around, has  
10 received in October of this year a preliminary dumping  
11 margin from the Commerce Department of 16 percent.  
12 That's obviously going to have an impact on their  
13 ability to ship and on their pricing. But even more  
14 revealing, the other six companies, the so-called  
15 separate companies that have received this 1.71  
16 deposit rate as a result of the first review, each of  
17 them in turn was asked by the Commerce Department to  
18 supply information about their pricing, about their  
19 operations, about their sales in order to have an  
20 individual investigation.

21           Each of those companies in turn flatly  
22 refused to give the Commerce Department any  
23 information. What is the result of that? Each of  
24 those companies will receive a dumping margin of  
25 187.25 percent when the second review is concluded.

1           Now, what does that mean? That means going  
2 forward those companies have the China-wide dumping  
3 margin of 187.25 percent. Does that mean that they  
4 can flood the market with their product? I doubt it.  
5 I doubt that any importer is going to pay essentially  
6 twice the value of the merchandise in order to bring  
7 it into the country.

8           And then we come to the third review. With  
9 the Commerce Department, these are unrelenting.  
10 Unlike you, who only have to look at these cases once  
11 every five years, the department does it every year.  
12 It's a continuous process. So the department  
13 initiated its third review in November of last year,  
14 of 2011. And although there are no decisions yet in  
15 that review, there is a very interesting recurrence of  
16 what happened in the second review.

17           The one company that has consistently  
18 participated is a company called Shanghai Wells, and  
19 they feature prominently in the China case. They are  
20 participating in the review. The Commerce Department  
21 selected another company, as it did in the second  
22 review, for individual review. That company was  
23 required to submit its response to the Commerce  
24 Department earlier this week. It did not.

25           So now we're going to see the dominoes fall

1 again. These companies that had the 1.71 percent  
2 deposit as a result of freeloading on that first  
3 review as separate-rate companies, they, as they're  
4 called by the Commerce Department to justify their  
5 sales to the United States and to have their own  
6 individual margins calculated simply either don't  
7 respond, or their counsel says, it's not in our  
8 interests to respond.

9           So I think what you will see going forward  
10 is that not only most of these Chinese companies who  
11 are now enjoying this 1.71 percent rate are going to  
12 default back to a dumping margin that's almost twice  
13 the value of their merchandise. But you will find  
14 U.S. importers very reluctant to deal with Chinese  
15 companies who sell them a product, and at the time  
16 that product is entered into the United States and the  
17 importer pays its less than 2 percent duty and thinks  
18 that this is just wonderful and sells the product,  
19 receives a bill from Customs and Border Protection two  
20 years later: on those imports that you made, your  
21 dumping assessment rate is not the 1.71 percent you  
22 deposited. It's 187.25 percent. Oh, and by the way,  
23 there is interest on that from the date that you made  
24 that entry.

25           So we simply don't see that China, with the

1 minor and singular exception of this company Shanghai  
2 Wells -- and even they now have a fairly substantial  
3 dumping margin. But with that limited exception,  
4 other Chinese companies are simply not going to be  
5 able to come back into the market, and you saw that in  
6 our chart 1-2, as the Chinese numbers begin falling  
7 off, as the results of the second review become known,  
8 and importers decide, I can't take the risk to buy  
9 from these companies because one year they're telling  
10 me it's a 2 percent duty, and then Customs tells me,  
11 no, it's almost a 200 percent duty.

12           That's a very long answer to your question,  
13 and I apologize for taking so much time to do that.  
14 But I think it's important to understand, and  
15 particularly in the context of the threat issue, that  
16 China is simply not able to move back into the market  
17 as easily and as seamlessly as may be indicated. In  
18 fact, it's very unlikely that China will be coming  
19 back into the market in any significant presence in  
20 the future.

21           MS. MERRILL: Thank you very much. That was  
22 very enlightening. I have one final question, and  
23 this is more for the record. What is your opinion on  
24 using official Commerce statistics for trade data  
25 compared with questionnaire responses?

1           MR. WAITE: Could you repeat that question,  
2 please?

3           MS. MERRILL: What is your opinion on using  
4 official Commercial statistics for the trade data  
5 compared with questionnaire responses?

6           MR. WAITE: In my experience, it has  
7 normally been the preference of the Commission to use  
8 questionnaire responses because for many products  
9 those questionnaire responses are targeted  
10 specifically to subject merchandise. And even where  
11 you have tariff classification schedule breakouts,  
12 there is not essentially a one-for-one overlap between  
13 subject merchandise and the tariff schedule.

14           I mean, you've done a number of recent cases  
15 on pipe, and you can see there is some tariff  
16 categories where subject merchandise could be 50  
17 percent of the tariff classification. It could be 80  
18 percent. And also, subject merchandise could be under  
19 another tariff classification.

20           In the hanger case, for a number of reasons,  
21 we think the trade data is not only an excellent  
22 proxy. We think it's probably the most valid set of  
23 information. First of all, as I mentioned, a number  
24 of years ago, the garment hanger industry in the  
25 United States petitioned for the breakout of a

1 separate harmonized tariff schedule subheading for  
2 steel-wire garment hangers. And you will see it in  
3 the HTS today, 7326.20.0020, steel-wire garment  
4 hangers.

5           Our belief is that 100 percent of subject  
6 merchandise should be classified under that  
7 subheading, and everything classified under that  
8 subheading should be subject merchandise if it's  
9 coming from one of the countries involved in this  
10 investigation. Of course, there can always be some  
11 misclassification, some sloppiness. We understand  
12 that.

13           The second point is you've received very few  
14 questionnaire responses, particularly from producers  
15 and exporters in this preliminary phase. Whether or  
16 not that may change if this investigation goes forward  
17 and there is a final phase and companies have more  
18 time to respond and collect the information, I don't  
19 know. If the data set that you received in response  
20 to the questionnaires appear to be sufficient -- and  
21 again, you've got a good benchmark to use --

22           (Pause)

23           MS. ALVES: Mr. Waite, you can continue, if  
24 you like.

25           MR. WAITE: Thank you.

1 MS. ALVES: Sorry for the interruption.

2 MR. WAITE: That's not a problem. You have  
3 a good benchmark to use because you do have the  
4 harmonized tariff schedule data, and you can look at  
5 that and compare it to the responses and see whether  
6 or not your responses marry up against that data. You  
7 know, for example, for Vietnam, if you find that  
8 you're getting questionnaire responses, but it's only  
9 equivalent to 20 or 25 percent of the data that the  
10 Census Bureau is reporting, that's one thing. If you  
11 found that it was 75 or 85 percent of that number,  
12 that may lead you to a different conclusion.

13 I would point out, however, that you have  
14 received a number of questionnaire responses from  
15 importers, both for Taiwan and Vietnam, and that data  
16 in our initial review appears to be consistent with  
17 the trade data that we have seen from Census.

18 MS. MERRILL: Okay. Thank you very much.  
19 And that concludes my questions, and I just want to  
20 thank you all again for coming out today.

21 MR. CORKRAN: Thank you very much. We're  
22 going to move a little bit out of order, and we will  
23 move next to Ms. Weaver, our economist.

24 MS. WEAVER: Hi. I'm Marin Weaver,  
25 economist for the International Trade Commission.

1 Thank you all for coming today. Just a few questions.  
2 How much of the U.S. demand for hangers do you all  
3 feel that the U.S. producers as a whole have the  
4 capacity to meet?

5 MR. WAITE: Maybe I could address that, even  
6 though I'm not in the industry, and then the  
7 individual industry witnesses can just talk about  
8 their companies.

9 We have provided to you in the petition  
10 calculations of capacity for the three petitioners who  
11 we believe comprise the most significant part of the  
12 U.S. industry, and that information is confidential.  
13 But I can characterize it generally by saying the U.S.  
14 industry has an enormous amount of unused capacity at  
15 this point in time to meet demand.

16 I would also note, as Mr. Magnus pointed  
17 out, and as Mr. Smith and Mr. Crowder are living  
18 witnesses, there are entrepreneurs in this country who  
19 have shown that they can get into the market very  
20 quickly and make a quality product if they had the  
21 assurance that they're getting into a market where  
22 there is fair trading and a fair return on their  
23 investment.

24 Milton, I didn't know whether you wanted to  
25 say anything further on that.

1           MR. MAGNUS: Milton Magnus. After the China  
2 case, we ramped our production up a good bit. Still,  
3 we're not quite at the top. And since then, we've had  
4 to back it down. We've got plenty of unused capacity  
5 in Leeds that we could ramp up relatively quickly.

6           MR. SMITH: It's the same with Indy Hanger.  
7 I mean, it's not a difficult thing to ramp up  
8 production. I mean, it doesn't take a lot of time,  
9 and we do have capacity.

10          MR. WAITE: And if I could also mention that  
11 in the 421 case and again in the case on China, we  
12 heard a similar argument, that if there were relief, a  
13 remedy, on imports from China, there would be hanger  
14 shortfalls in the United States. And to my knowledge,  
15 those short falls, alleged shortfalls, never  
16 materialized after the order on China in 2008.

17          MS. WEAVER: Thank you. I was wondering if  
18 any of the U.S. producers -- I don't know if you can  
19 speak generally, or to you all specifically -- your  
20 companies specifically have exclusive selling  
21 agreements with companies in different regions of the  
22 country.

23          MR. MAGNUS: This is Milton Magnus with M&B,  
24 and we do not have any exclusive sales agreements.

25          MR. CROWDER: This is Roger Crowder. We do

1 not either.

2 MS. WEAVER: Marin Weaver. So based on the  
3 questionnaire responses we received so far, there  
4 seems to be a lack of consensus on whether the U.S.  
5 market for hangers has changed since January 2008.  
6 Does anyone want to speak to their view on why things  
7 have or have not changed in the last four years?

8 MR. PEDELTY: You know, there really -- this  
9 is Steve Pedelty with M&B. It's an old industry, you  
10 know, and there just aren't a lot of up and down  
11 changes. It's a fairly consistent industry. And the  
12 uniform industry has grown, you know, over the years  
13 some, but again, changes tend to be single-digit, from  
14 what I've seen in the last few years.

15 MS. WEAVER: And then again looking at the  
16 questionnaire responses, there seems to be a lack of  
17 consensus on whether there is seasonality. And does  
18 anything affect whether a company might express that  
19 there is seasonality to their buying? Like, for  
20 instance, a region of the country a company is located  
21 might affect when they buy more heavily?

22 MR. PEDELTY: Steve Pedelty again. From  
23 what I see, I mean, there is not a lot of seasonality.  
24 I mean, on the dry cleaning side, lighter clothes are  
25 cleaned in the summer, and heavier clothes are cleaned

1 in the winter. And, you know, from the uniform side,  
2 they're renting the same clothes every day. I mean,  
3 you know, they don't change with the season what they  
4 rent.

5 So it could be some small variation based on  
6 summer vacations, but it's not a lot.

7 MR. CROWDER: Roger Crowder. We see the  
8 same thing. We don't see a seasonality in the hanger  
9 business. It's a consistent business. There is not a  
10 month that drops drastically like other businesses.  
11 But our hanger orders are pretty consistent.

12 MS. WEAVER: Thank you. That's all my  
13 questions.

14 MS. LUNDQUIST: Hello. I'm Kathryn  
15 Lundquist. I'm the industry analyst on this, and I  
16 just have a few quick questions to really understand  
17 the product. I appreciate your presentation because  
18 it answered quite a few of my earlier questions.

19 My first question is just whether there are  
20 any differences between hanger coatings and whether  
21 customers prefer one over the other, such as epoxy,  
22 latex, or vinyl.

23 MR. MAGNUS: This is Milton Magnus with M&B.  
24 The coatings are used interchangeably. There are  
25 some preferences to coatings with some of the textile

1 companies like a galvanized hanger. Some of them like  
2 a painted hanger. Most of the dry cleaning hangers  
3 are painted. And the latex coating you refer to is  
4 really -- latex is only applied to tubes and the  
5 bottom bar of industrial hangers to act as a gripping  
6 substance to keep trousers from sliding off.

7 MR. SMITH: This is Walt Smith of Indy  
8 Hanger. Yeah, I would agree with that. I mean, the  
9 job to hold the pant on the hanger is what they want.  
10 They want that latex coating to hold the pant on the  
11 hanger. But the coating is really -- it's not a big  
12 issue how it's done. They just want it to stay on the  
13 hanger.

14 MR. PEDELTY: And if I might add, I mean, we  
15 compete with Walt. They used galvanized, we use  
16 painted. And I think he would echo the fact that if a  
17 customer has a change based on anything, it's price.  
18 His price and my price, you know, for whatever the  
19 reason, tend to be pretty close, and price is what  
20 drives that decision, not the coating.

21 MS. LUNDQUIST: Thank you all for that.  
22 Another question. I know you said that the machines  
23 were generally all the same. I just wanted to know  
24 whether -- I understand that Mr. Magnus produces his  
25 own, but if they're available for purchase generally.

1           MR. CROWDER: Roger Crowder. Our machines  
2 are bought from Taiwan. There is very few  
3 manufacturers of coat hanger machine. I think Milton  
4 Magnus and his company makes their machines. We were  
5 youngsters, so we didn't do that, so we went to  
6 Taiwan, bought an automated hanger-making machine.  
7 There are very few of those machine manufacturers.  
8 That's a very specialized machine, obviously.

9           I think China makes one we didn't like.  
10 Switzerland makes one. It's very, very expensive,  
11 almost four times the amount of money than the one we  
12 buy. And then the one that we purchase.

13           MS. LUNDQUIST: And a quick question about  
14 the production process. Is there any difference in  
15 labor use between your own production facilities and  
16 the subject foreign producers, difference in degrees?

17           MR. MAGNUS: I have not been to Taiwan or  
18 Vietnam. I went to China and saw some of their  
19 production processes, and ours are -- labor-wise are  
20 much more efficient than the production processes that  
21 I viewed. But it has been four or five years ago  
22 since I viewed them.

23           MS. LUNDQUIST: And one last question just  
24 about distribution to consumers. How do customers  
25 generally receive their hangers, in boxes? And how

1 many hangers per box?

2 MR. MAGNUS: This is Milton Magnus with M&B.  
3 It's really two different markets that are serviced.  
4 The industrial laundry market usually receives it  
5 from a master distributor such as United Wire Hanger,  
6 producers such as M&B and Indy. The hangers are  
7 usually -- normally 500 to the box, and they usually  
8 come palletized.

9 For your average dry cleaner, we deliver our  
10 product to a distributor, and they in turn deliver it  
11 to an end user, a dry cleaner, and those come either  
12 250 or 500 to the box.

13 MS. LUNDQUIST: Okay. Thank you, all. That  
14 concludes my questions.

15 MR. CORKRAN: Thank you all very much.  
16 We're going to continue with the questions with Ms.  
17 Alves, but I have been called away, hopefully very  
18 briefly. I will certainly review the transcript, and  
19 I do have some questions that I hope will not overlap  
20 with any of the others that are being asked. I'll  
21 return very shortly, and Ms. Alves will continue with  
22 the questions. Thank you.

23 MS. ALVES: Good morning. Mary Jane Alves  
24 from the General Counsel's Office. I still have a few  
25 additional questions this morning. The proposed scope

1 of these investigations -- and I have not yet seen  
2 Commerce's initiation notice, but to the extent that  
3 you have, if you could tell me -- is similar to the  
4 scope of the investigation from China. However, it  
5 also excludes steel-wire garment hangers with swivel  
6 hooks and/or clips permanently affixed to the lower  
7 bar.

8           Are you aware of whether or not this is the  
9 final initiated scope?

10           MR. WAITE: Thank you for that question. We  
11 believe it is. We actually did receive last night the  
12 advance copies of the initiation notices from  
13 Commerce, but I have to confess that I didn't look  
14 specifically at the scope language.

15           We did, at the request of the Commerce  
16 Department, expand the types of hangers that are to be  
17 excluded from the scope of the investigation. You may  
18 recall in the China case that we excluded hangers that  
19 were made of wood, plastic, that were not steel-wire  
20 garment hangers.

21           Following the issuance of the order in the  
22 China case, the Commerce Department has received a  
23 number of scope inquiries and scope requests from  
24 interested parties. A number of those the Commerce  
25 Department believed were clearly outside the scope.

1 But in order to avoid similar requests in the future  
2 should this investigation result in an order, the  
3 Commerce Department asked us if we could identify  
4 those classes of products that are clearly outside the  
5 scope so they wouldn't be burdened with scope requests  
6 in the future.

7           One set of those products were the ones that  
8 you just mentioned, Ms. Alves, and that is the hangers  
9 that have swivel hooks on the top and that have the  
10 clips permanently affixed to the bottom bar. Those  
11 are clearly hangers that are used for consumer  
12 purposes that are you or I would purchase to use in  
13 our wardrobes, our closets.

14           We also excluded chrome-plated hangers of a  
15 certain diameter, 3.4 millimeters or larger, again  
16 because those are products that are consumer products,  
17 consumer-directed products, not products that an  
18 industrial laundry or dry cleaner could use because  
19 the diameter of the product and the chrome plating  
20 makes it a far more expensive product.

21           In both of those classes of products -- and  
22 this is all in the public record at the Commerce  
23 Department. In both of those classes of products, the  
24 individual cost of those hangers is exponentially  
25 greater than the cost of steel-wire garment hangers

1 used in the industrial laundry and the dry cleaning  
2 industry.

3           So we did insert those. I actually have  
4 somewhere in my pile of papers the initiation notices.  
5 And if you will direct your question to someone else,  
6 I'll go find it and get back to you and confirm that  
7 that language is in the initiation notice.

8           MS. ALVES: Sure, that's fine. Or you can  
9 wait until your closing and tie up that loose end  
10 there as well.

11          MR. WAITE: Okay.

12          MS. ALVES: And then given your response to  
13 questions this morning regarding your preference that  
14 the Commission use import statistics to measure  
15 imports of hangers, are the excluded products also  
16 classified under the same tariff heading, and thus  
17 would be included in that import data?

18          MR. WAITE: That's an excellent question.  
19 In some cases, they may be, and in other cases we  
20 understand they've been declared under different  
21 headings. But those that are included under the  
22 harmonized tariff heading for steel-wire garment  
23 hangers would comprise a very small, in fact  
24 minuscule, percentage of the quantity of hangers that  
25 would be coming in under that category. And all of

1 the hangers that were in these excluded categories  
2 obviously are made in China because it's under the  
3 Chinese order that the request was made to the  
4 Commerce Department to clarify whether that product  
5 was under the order.

6 We are not aware of the these types of  
7 hangers being made in or exported to the United States  
8 from either Vietnam or Taiwan.

9 MS. ALVES: Okay. Thank you. Mr. Smith,  
10 when you were testifying this morning, you were  
11 explaining that for your production process you used  
12 galvanized wire. Are you aware whether or not other  
13 producers in the United States are also taking wire as  
14 their main raw material, whether it be galvanized or  
15 non-galvanized wire, or when they're making pricing  
16 decisions, are they basing it on, for example, wire  
17 rod because they're doing the drying themselves?

18 MR. SMITH: Walt Smith, Indy Hanger. The  
19 pricing is really -- I mean, we compete with the  
20 painted hanger. The galvanized hanger has to compete  
21 with the painted hanger. The pricing has to be close  
22 to the painted market, or it doesn't really matter.  
23 It's a commodity that most of the companies use and  
24 throw away. So the fact that it's galvanized doesn't  
25 really matter. The pricing has to be close. Does

1 that answer your question?

2 MS. ALVES: Yes. Mr. Magnus, it looks like  
3 you also --

4 MR. MAGNUS: This is Milton Magnus. Yes.  
5 US Hanger, Metro Hanger all buy wire, not galvanized  
6 wire, but drawn wire, buy basic wire. And Eagle  
7 Hanger also does buy basic wire also.

8 MS. ALVES: Okay. And then in your day-to-  
9 day business decisions, are you making your pricing  
10 decisions, how to price your products, based on any  
11 fluctuations in wire prices or wire rod prices, or  
12 what is influencing your decisions?

13 MR. MAGNUS: This is Milton Magnus with M&B  
14 again. We would like to price it on wire rod up and  
15 down, but it is such a competitive market, it's very  
16 hard to pass along wire rod increases. Partially --  
17 sometimes we can, and sometimes we can't.

18 MS. ALVES: Thank you. There was some  
19 testimony this morning to the effect that at least two  
20 U.S. producers, Eagle and United Wire, may be  
21 importing products from the subject countries, Vietnam  
22 and/or Taiwan. Mr. Waite, are there any other  
23 additional companies that you may be aware of that are  
24 also importing?

25 MR. WAITE: Well, United is not a domestic

1 producer.

2 MS. ALVES: Okay.

3 MR. WAITE: Eagle we believe is a domestic  
4 producer. We looked at their website. They do have a  
5 plant, a physical plant, near Houston, Texas, or in  
6 the suburbs of Houston, Texas. And we also believe  
7 that they are importing because in their website, they  
8 offer both American-made hangers and hangers from  
9 Vietnam. They actually have two screens on their  
10 websites, one for the U.S.-made hangers, and one for  
11 the imported hangers from Vietnam.

12 As Mr. Magnus mentioned, he has a plant in  
13 Mexico. He doesn't import subject merchandise, but  
14 M&B does import hangers from Mexico to serve the U.S.  
15 market. And I'm wondering whether I'm now beginning  
16 to tread onto APO information. But I can tell you  
17 that all of the U.S. hanger manufacturers who are  
18 petitioners in this case, M&B, US Hanger, and Indy  
19 Hanger, submitted to the Commission information about  
20 not only their domestic production, but also whether  
21 or not they import hangers and whether or not they  
22 import from Vietnam or Taiwan.

23 I think it's fair to say none of them import  
24 from Vietnam or Taiwan.

25 MS. ALVES: Okay. In addition to looking at

1 the issue in your post-conference brief, whether or  
2 not there are domestic producers who may or may not be  
3 importing subject merchandise, if you could also let  
4 me know the extent to which any U.S. producers may  
5 have any affiliations, corporate affiliations, with  
6 producers or exporters or importers of the subject  
7 merchandise.

8 MR. WAITE: We shall do that. But again, I  
9 believe that they have responded in their U.S.  
10 producers' questionnaire responses to those questions.  
11 But we will confirm that and clarify that in our  
12 post-conference submission.

13 MS. ALVES: Okay. And then following along  
14 the same lines, if you could also examine the issue of  
15 whether or not appropriate circumstances do exist to  
16 exclude any of these producers from the domestic  
17 industry.

18 MR. WAITE: We will do that as well.

19 MS. ALVES: Thank you. There was testimony  
20 this morning that there were several U.S. firms that  
21 began manufacturing operations during the period of  
22 investigation or towards the end of the prior case,  
23 Shanti being the case there, that are no longer  
24 producing in the United States. Are any of the  
25 witnesses aware of what the status is of their

1 production equipment?

2 MR. MAGNUS: This is Milton Magnus with M&B.  
3 I visited Delaware and looked at the Platinum  
4 equipment. There was an auction. We bid on it. We  
5 did not receive any of it. I received two machines.  
6 I do not know where the other equipment went. We went  
7 to the auction at Shanti, in Wisconsin. To my  
8 knowledge, we bid, but it was not the minimum bid they  
9 would accept. So I believe it's still sitting in  
10 Wisconsin. I don't know for sure. And Great Plains,  
11 I hadn't talked with them in a while, so I'm not sure.

12 MR. CROWDER: This is Roger Crowder. There  
13 we go. Roger Crowder. Great Plains, we visited Great  
14 Plains to try to buy their equipment. At that time,  
15 our bid wasn't enough, and we heard that they sold it  
16 possibly to Mexico.

17 MS. ALVES: Thank you. In the prior case  
18 and again today, there was testimony that there are  
19 basically two major segments where sales are made, to  
20 the dry cleaner side, and then to the industrial or  
21 rental side. I'd like to understand a little bit more  
22 how these dynamics work.

23 First, could you explain to me approximately  
24 -- and if it's confidential, then if you could answer  
25 it in your post-conference brief. What portion of the

1 U.S. market do you believe is accounted for by the dry  
2 cleaner side as opposed to the industrial or rental  
3 side?

4 MR. MAGNUS: This is Milton Magnus, and I  
5 believe it's probably 65 to 70 percent dry cleaning  
6 and 30 to 35 percent textile rental.

7 MS. ALVES: And do you believe that that has  
8 been a relatively stable distribution?

9 MR. MAGNUS: More or less, yes. I mean,  
10 textile rental people 30 years ago didn't use hangers,  
11 and so in the past 20 years, yes, it has been fairly  
12 stable.

13 MS. ALVES: Okay. And then also, if you  
14 could get -- and again, if we're treading too close to  
15 BPI, please let me know, and we can answer that in the  
16 post-conference briefs. Can you describe to me the  
17 makeup of the purchasers in each of these segments?  
18 How many and how large typically are the firms that  
19 are purchasing for the dry cleaning? I understand  
20 that these are primarily distributors who are  
21 purchasing. And then on the other side, on the  
22 uniform or laundry facility side, how large and how  
23 many of the firms are involved there?

24 MR. PEDELTY: Steve Pedelty, M&B Hangers.  
25 You know, the dry cleaning side, where we sell the

1 distributor, for the most part those are individual  
2 companies. They may have a couple of branches.  
3 Typically, it's a family business and, you know, they  
4 cover one, two, three states. But there is probably  
5 on average two or three distributors in a given state,  
6 and they call on the dry cleaner. We typically do not  
7 call them dry cleaners so, you know, we don't see them  
8 very often. And they have been around a long time.  
9 That's an old industry. A lot of those guys have been  
10 in business 75-plus years.

11           And, you know, nationwide, I loosely say  
12 there might be 100 distributors. I don't know. The  
13 uniform side is quite a bit more compacted. There is  
14 probably six or seven main players. And you know  
15 where they used to -- originally, they just rented  
16 clothes, but now they're into mats and health band-  
17 aids. They rent that kind of stuff.

18           So to break out the hangers as part of their  
19 sales would be kind of difficult to do. But there are  
20 six or seven main players in that.

21           MS. ALVES: Mr. Smith, do you agree?

22           MR. SMITH: Yes. Walt Smith. I do agree  
23 with that. That's very accurate.

24           MS. ALVES: Mr. Magnus, could you comment on  
25 the effect, if any, of the order on imports from China

1 on imports from Mexico? And if this delves into  
2 confidential information, you're welcome to answer  
3 that in the post-conference brief.

4 MR. MAGNUS: We supplied production and  
5 shipment information from Mexico to the Commission,  
6 and we'll address that in the confidential --

7 MS. ALVES: That's fine. Thank you. Mr.  
8 Waite, in your presentation this morning, in chart 1,  
9 your discussion of the events at Commerce and the  
10 chronology of the margins over each of the  
11 administrative reviews was helpful. And I may have  
12 missed your explanation for the apparent increase at  
13 the end of your table beginning, say, between April  
14 2011 and the October or September time frame in  
15 imports from China.

16 Is there anything related to the change in  
17 the margins or the administrative review activity at  
18 Commerce that might explain this increase there?

19 MR. WAITE: Yes. This is Fred Waite. And  
20 the answer to your question is yes. You see that the  
21 imports really begin ticking up in May of 2011. It  
22 was on May 13, 2011, that the Commerce Department  
23 issued its final results in the first administrative  
24 review, which assigned 1.71 percent deposit rates to  
25 one of the individual or mandatory respondents in that

1 review, as well as a number of the so-called separate  
2 rate companies.

3           So at that point, importers at the time they  
4 entered merchandise from one of those companies in  
5 China would be required to deposit the 1.71 percent  
6 duty. And you see September, October 2011, shortly  
7 thereafter, the numbers from China start turning down  
8 again. In October 2011, the Commerce Department  
9 issued its preliminary results in the second  
10 administrative review. That's when the Commerce  
11 Department assigned a preliminary dumping margin of  
12 almost 17 percent on the one mandatory respondent that  
13 participated and assigned a 187.25 percent margin on  
14 the six separate rate companies that had received the  
15 1.71 in the first review in May, but in October the  
16 Commerce Department is telling the world going  
17 forward, when we finish this review, those companies  
18 will have that deposit rate, and anyone who imported  
19 from those companies during the review period is going  
20 to be required to pay assessed duties at that rate.

21           So it's really remarkable how it tracks very  
22 closely with what is going on in the Commerce  
23 Department.

24           MS. ALVES: Okay. Thank you. That was the  
25 missing element. I had missed the date of the initial

1 May 11th notice. Okay. And then moving to the  
2 discussions this morning and the opening statement  
3 from Respondents about the issue of transshipments,  
4 reading Commerce's *Federal Register* notices -- and  
5 correct me if I'm wrong -- it appears as those -- and  
6 in your discussions this morning, there were two  
7 companies or two firms in Vietnam that were the  
8 subject of Commerce's anti-circumvention notice.

9           Were there any additional companies that  
10 were involved either in Vietnam or in Taiwan? My  
11 understanding is that the anti-circumvention finding  
12 pertained only to two firms in Vietnam.

13           MR. WAITE: Fred Waite again. That is  
14 correct, Ms. Alves. The anti-circumvention procedure  
15 at the Commerce Department is company-specific. We  
16 had information that two companies, one known as Quyky  
17 and the other known as Angang, were assembling hangers  
18 in Vietnam from Chinese components. And just to give  
19 you a brief description of one of the processes, if  
20 you look at the strut hanger, which is product number  
21 four on the chart, you see that it's a wire hanger  
22 with the cardboard tube or strut on the bottom. We  
23 had evidence, including photographs, showing the fully  
24 formed wire section of that hanger coming in boxes  
25 from China, and the fully formed strut, the bottom

1 bar, coming in other boxes from China into Vietnam,  
2 and on long tables in industrial facilities in  
3 Vietnam, the two were married together.

4           Our argument to the Commerce Department was  
5 that's a minor processing. It's a circumvention of  
6 the order. Very different from transshipping.  
7 Transshipping is criminal. That's not criminal, what  
8 they were doing. They were assembling the products  
9 and shipping it in, and technically they were arguing  
10 it's not -- our product is not within the scope. It's  
11 not covered. It was made in Vietnam.

12           Transshipping is when there are fraudulent  
13 documents given and the product is actually made in  
14 country A and transshipped through country B, or not.  
15 It could even be have the fraudulent documents and  
16 labeling in country A and ship it directly to the U.S.  
17 That's not what we're talking about here in the anti-  
18 circumvention cases.

19           We had the information on those two  
20 companies. There may have been others. We simply  
21 couldn't get that information. As you probably  
22 appreciate, it's extremely difficult for private  
23 enterprises in the United States to acquire this kind  
24 of information. It requires onsite visits. It  
25 requires speaking and visiting the companies involved.

1 And those companies are not necessarily going to be  
2 very cooperative in obtaining this information. But  
3 we were able to get the information on those two  
4 companies in Vietnam, Quyky and Angang, and the  
5 Commerce Department made affirmative determinations of  
6 circumvention for both of them and applied to each of  
7 them the China-wide rate of 187.25 percent.

8 But as I mentioned, during the course of  
9 that anti-circumvention investigation, information was  
10 presented in the public record that Angang, which was  
11 the only company that participated, was also making  
12 hangers in Vietnam from scratch, if you will, from raw  
13 materials. And the assembly operations were part of  
14 what it was doing, but not all of what it was doing.

15 MS. ALVES: And that brings me to my next  
16 question because in Commerce's *Federal Register*  
17 notice, there was some indication that Angang itself  
18 was, even if it were assembling these semi-finished  
19 products, it was also engaging in production  
20 operations as well. Given your statements earlier  
21 that any hanger production anywhere globally is likely  
22 to end up here since this is where there is demand for  
23 the hangers, were there imports from Angang, to your  
24 knowledge, and/or from Quyky to the U.S. market?

25 MR. WAITE: We had from sources available to

1 us, publicly available sources, Zepol, Zepol IQ, trade  
2 data, similar to Piers data, which most of us fogeys  
3 are more familiar with. But Zepol is a similar  
4 program that uses bills of lading to collect  
5 information on shipments to the United States.

6 We had information from there that both  
7 companies were shipping hangers to the United States.

8 So, yes, we had information. I cannot share with  
9 you, of course, what is on the APO record at the  
10 Commerce Department. But we had information from  
11 public venues that both companies were shipping  
12 garment hangers to the United States, and we had the  
13 information that at least some of those hangers were  
14 the result of minor assembly operations in Vietnam and  
15 therefore circumventing the order against China.

16 Because I didn't complete the circle, all of  
17 these components that were being assembled in Vietnam  
18 came from China.

19 MS. ALVES: Okay. So what is the effect on  
20 imports associated with either of these two firms?  
21 When they entered the U.S. market, how did Commerce  
22 treat them? How did Customs treat them as a legal  
23 matter?

24 MR. WAITE: When they -- I'm not sure that I  
25 can answer that, both because in some cases I don't

1 know, and in other cases it's within the APO at  
2 Commerce. What I can tell you is that our belief was  
3 that the hangers from both Quyky and Angang that were  
4 being shipped from Vietnam, whether they were  
5 assembled hangers or whether they were made from  
6 scratch, if I can use those as the two paradigms, were  
7 being declared as products of Vietnam. There is no  
8 impediment against hangers from Vietnam coming into  
9 the United States in terms of any trade remedies.

10           When the Commerce Department initiated its  
11 anti-circumvention investigation, it indicated that if  
12 it made an affirmative determination of circumvention  
13 that the effective date of that affirmative  
14 determination goes back to the initiation date. So  
15 it's our belief that hangers came into the United  
16 States that were circumventing the order, but because  
17 they came in before the Commerce Department initiated,  
18 they're essentially home free. There is no further  
19 dealing of those by Customs.

20           However, hangers that came in after that  
21 initiation date and that the Commerce Department  
22 eventually found were circumventing the order, they  
23 would be subject to the China-wide rate of 187.25  
24 percent, and the Commerce Department very explicitly  
25 made that finding, over the objection of Angang, again

1 the only company that was participating, who argued  
2 that the Commerce Department should use a different  
3 assessment rate based on perhaps the company in China  
4 that supplied the materials. And the Commerce  
5 Department rejected that and applied the China-wide  
6 rate.

7           And my understanding would be that going  
8 forward, hangers coming in from either Angang or Quyky  
9 are continued to be subject to the 187.25 percent  
10 deposit rate that is based on the China rate.

11           MS. ALVES: Okay. And do you have any  
12 information that you can share publicly on whether or  
13 not there were in fact imports as of that effective  
14 date from either of those two firms?

15           MR. WAITE: I'm advised by my Zepol guru  
16 that we looked at that, and we could not find any  
17 reported imports in our Zepol database after the  
18 initiation date. Again, that doesn't preclude the  
19 possibility that there could have been imports  
20 declared at CBP, it's just that, of course, we don't  
21 have access to that information, and if we did, we  
22 couldn't share it anyway.

23           MS. ALVES: Okay. And then my other  
24 question is, to your knowledge, has Commerce or  
25 Customs made any findings of transshipment

1 differentiated from its anti-circumvention finding?  
2 Has Commerce or Customs made any findings of  
3 transshipment of hangers?

4 MR. WAITE: Fred Waite again. Commerce has  
5 not, and in my judgment would not, make findings of  
6 transshipment. Commerce has made it very plain to  
7 those domestic industries that have requested Commerce  
8 to look at allegations of transshipment that that does  
9 not fall within the mandate of the Commerce  
10 Department. The Commerce Department believes that it  
11 has the authority to look at original dumping  
12 investigations, scope determinations, and anti-  
13 circumvention cases, not at transshipment.

14 And it's my understanding that in some  
15 administrative reviews, Petitioners have raised a  
16 transshipment issue, which the Commerce Department has  
17 rejected, and the courts have upheld the Commerce  
18 Department in rejecting considering transshipment  
19 issues.

20 On the Customs side, we are aware of one  
21 finding of transshipment, and that's a public -- this  
22 is all public because it resulted in a criminal  
23 prosecution. And once the criminal information was  
24 filed by the U.S. Attorney's office, it became public.

25 We do know that two Mexican nationals were

1 charged and convicted with transshipping hangers to  
2 the United States. Their scheme was that they bought  
3 hangers from China, brought them into the United  
4 States in bond., brought them -- shipped them to  
5 Mexico, again in bond, and then in Mexico relabeled  
6 the hangers "Made in Mexico," and then shipped them to  
7 the United States.

8           If you go to the Customs website, they have  
9 a very nice video on this where they conducted a sting  
10 operation and traced the hangers that had come from  
11 China through the United States as coming -- as being  
12 the same boxes that came back from Mexico as made in  
13 Mexico. One of those individuals received a one-year  
14 sentence. The other received a sentence of almost six  
15 years, and substantial fines.

16           Those are the only findings that we're aware  
17 of at Customs, where Customs has made a determination  
18 of transshipment. We have presented to Customs, as  
19 have other U.S. industries, information that we  
20 believe showed instances of transshipment. In our  
21 case, those occurred almost entirely right after the  
22 order was issued against China. And we are not aware  
23 of the disposition of any of those because Customs  
24 takes the position that that information, once it  
25 receives it, will be treated confidentially, and that

1 Customs will not disclose to us what it does with the  
2 information or whether it leads to any results.

3           What we can tell you is that not only were  
4 those allegations that we made based on evidence that  
5 we thought was compelling made at the very beginning  
6 after the order was issued. But what we can tell you  
7 is that you can look at the official import statistics  
8 and see very heavy imports from Vietnam and from  
9 Taiwan throughout this period, long after we had  
10 presented whatever information we could to Customs.

11           So obviously, Customs has reviewed the  
12 documentation and reviewed the imports, and it has  
13 been permitted into the country, and it's identified  
14 as of Vietnamese origin or of Chinese origin or  
15 Pakistani origin or Mongolian origin, whatever. So  
16 we're only aware of that one case. We're only aware  
17 of that one case.

18           MS. ALVES: Okay. Thank you. That was  
19 helpful. And any backup documentation that you would  
20 want to put on our record to support that, that would  
21 be helpful as well, including any information on the  
22 size of volumes that were involved in this finding  
23 that was made of the one instance of transshipment  
24 that you're aware of. That would be helpful.

25           MR. WAITE: Fred Waite again. We will do

1 that. I can tell you the volumes were not  
2 significant.

3 MS. ALVES: Okay. And at this time, I have  
4 no further questions. So thank you very much to all  
5 of the witnesses, both for your testimony and for  
6 appearing today. It was extremely helpful.

7 MR. CORKRAN: Thank you very much. And I  
8 appreciate all of your testimony. I apologize for  
9 missing a portion of it. But I will review the  
10 transcript. Again, I appreciate all the time that  
11 you've spent with us today, and your ability to come  
12 here and testify before us today.

13 My questions will be a little bit varied,  
14 but I'll start with sort of a technical production  
15 question. And that is, having now been involved in a  
16 number of cases involving galvanized wire and products  
17 made from galvanized wire, one of the questions that  
18 you sometimes hear about the products is what happens  
19 to the ends of the wire once you have to cut it? Is  
20 there a problem with -- or is there a challenge with  
21 keeping the ends of the wire corrosion-resistant, or  
22 do you have to coat them in a different way?

23 MR. CROWDER: This is Roger Crowder.  
24 Galvanized has a property to it that's called self-  
25 healing. And so when our cutter cuts through the

1 galvanized coating, it smears the tips of the hanger  
2 with not a full coating, but a thin enough coating  
3 that the tips are then covered. And as you can see,  
4 they're shiny silver. You don't see a hollow core of  
5 bright wire and then galvanized outer shell. You see  
6 a smeared coating of galvanized.

7           So therefore, those tips don't rust because  
8 of the self-healing properties of galvanized wire.

9           MR. CORKRAN: Thank you. That's very  
10 helpful to know. I have not in actual practice seen  
11 these types of hangers. But you indicated, I believe,  
12 that these are used primarily -- or your customer base  
13 at least is primarily for industrial laundries?

14           MR. CROWDER: Yeah. Being young into the  
15 industry, we had to pick where we were going to go  
16 with what SKUs. Carrying inventory was difficult for  
17 us starting into the marketplace. In fact, for the  
18 first three years, we were basically a just-in-time  
19 hanger manufacturer, carried very little inventory,  
20 put everything into raw materials, that kind of stuff.  
21 So we picked the industrial market because we couldn't  
22 really compete with the volumes that everybody else  
23 had in the dry cleaner side, so we picked industrial.

24           MR. CORKRAN: And can you give me an idea,  
25 is the use of galvanization -- is that in your case

1 mainly for aesthetic purposes, or is it one more  
2 method to use to try to avoid corrosion for the end  
3 product?

4 MR. CROWDER: Roger Crowder again. We came  
5 from metal fabrication, so metal fabrication of parts.  
6 I came from a totally different background than  
7 probably everybody in here. So I came from an idea of  
8 how can I make a product better. So when we started  
9 this, we looked at what it took to do a painted  
10 hanger. We didn't have the million dollars to invest  
11 in painting. We looked at the industry, what the  
12 problems of the industry were. Rust was a big problem  
13 in the industry.

14 So we kind of took the idea that if we made  
15 a galvanized hanger -- most of the other manufactures  
16 draw their own wire from rod. We didn't have that  
17 expertise. So we relied on the mill and galvanized  
18 wire to produce our hangers from. That way we didn't  
19 have to paint. We satisfied the industry with a  
20 better hanger that we thought it's the same. It's  
21 still a hanger, but we thought, hey, we might solve a  
22 problem. And so for our side of the fence, it was the  
23 easiest way to get into the industry without investing  
24 a lot of capital.

25 MR. CORKRAN: Thank you. That's

1 tremendously helpful. Now, I hope this last question  
2 on the theme doesn't overlap too much with some of the  
3 questions before. I believe I heard that at least on  
4 the domestic side, you do see painted wire garment  
5 hangers in the customer base that you compete for.  
6 What about in terms of imported product? Have you  
7 seen anybody else supplying galvanized hangers?

8 MR. CROWDER: Just here -- we heard about it  
9 a year ago, that imported hangers were going to be  
10 galvanized, and just recently, probably within the  
11 last month, there was confirmation that there were  
12 imported galvanized hangers on the marketplace.

13 MR. CORKRAN: Very good. Thank you very  
14 much. It's very helpful to explore the different  
15 varieties of hangers that we have here. The next  
16 question -- and again, apologies if it overlaps with  
17 other questions. But I'd like to explore a little  
18 bit, to the extent that it's public, about these  
19 Mexican operations. First, can you give us a little  
20 sense of how, if at all, there is any division of  
21 labor between production in your different facilities?  
22 For example, do you serve different customer bases  
23 out of your two different production facilities? Do  
24 you serve different regions? Do you specialize in  
25 particular hangers in one facility versus another?

1           MR. MAGNUS: This is Milton Magnus. Most of  
2 this will be in the confidential version. But the  
3 same process we use in Mexico, we have the same type  
4 of paint lines, the same type of hanger machines, the  
5 same type of wire straighteners, drawing machines.  
6 Everything in Mexico we have in Alabama. But I will  
7 -- most of our markets served regional out of the  
8 different locations. But I will answer more  
9 thoroughly in the confidential version.

10           MR. CORKRAN: Okay. Thank you very much.  
11 One of the other questions -- this probably goes to  
12 Mr. Waite. But from the bankruptcy proceedings for  
13 Shanti, did any of the documents for that particular  
14 proceeding give an indication of their level of  
15 operations prior to ceasing production of steel-wire  
16 garment hangers?

17           MR. WAITE: Fred Waite, Mr. Corkran. We  
18 have not reviewed the full documents on their  
19 bankruptcy. The documents we saw were just the very  
20 technical ones that didn't disclose much information  
21 about anything. But we will go back and take a look  
22 at the docket and see if there is anything in there  
23 about their operations.

24           I do believe in the China case they talked  
25 about not only their operations as then existing, but

1 what they had hoped they would be able to do. They  
2 talked about acquiring a plant in Monticello,  
3 Wisconsin. And later we saw in various press releases  
4 that they were buying machinery from an old -- not an  
5 old, but from a plant in Illinois, but we relocating  
6 that to Kentucky.

7           So we'll see what we can find in terms of  
8 what is available anywhere in the records. My dear  
9 friend, Dr. Magrath, has his standard response to  
10 questions like this, and that is, dead men tell no  
11 tales. When companies go out of the industry, people  
12 tend to go into other things, retire, and it's very  
13 hard often to get information. But we do believe from  
14 the China case we've got some pretty good information  
15 on what they were doing at that point, and we'll see  
16 if we can supplement that for you as well, and we'll  
17 put it all into our post-conference submission for  
18 you.

19           MR. CORKRAN: Thank you. I appreciate that.  
20 That would be very helpful. This is essentially to  
21 summarize a response that I believe I heard earlier,  
22 but my takeaway from the question of as these  
23 companies ceased production, did their equipment move  
24 toward existing companies, the answer seemed to be  
25 with possibly very minor exceptions, no, they did not.

1 Did I take that correctly?

2 MR. MAGNUS: We bought a couple of machines  
3 -- this is Milton Magnus with M&B -- at Platinum. The  
4 rumor I heard with Shanti, they were going to try to  
5 restart their operation there at later date in  
6 Wisconsin. So the offer we made for the Shanti  
7 equipment was turned down.

8 MR. CROWDER: And Roger Crowder. That's  
9 correct. We didn't get any equipment.

10 MR. MAGNUS: This is Milton Magnus. May I  
11 have one followup to that? We have a lot of unused  
12 equipment in Alabama that we would like to start.

13 MR. CORKRAN: One of the questions I'd like  
14 to discuss just a little bit is looking at demand for  
15 hangers over the past, say, three and three-quarters  
16 years, what impact has the recession in the United  
17 States had on demand for hangers? And have there been  
18 any other developments that have impacted demand other  
19 than general economic conditions?

20 MR. PEDELTY: Steve Pedelty, M&B Hangers.  
21 The recession hurt the dry cleaning industry some.  
22 But, you know, dependent on the region of the country,  
23 where people might be buying new clothes with tighter  
24 budgets, they tended to clean older clothes. So I  
25 don't think the numbers went down quite as much as you

1 might expect. It did go down some. A lot of the  
2 regions now show they've come back some. And, you  
3 know, the uniform industry also went down some. It  
4 tended to be a little bit worse maybe in the Rust  
5 Belt, not so bad in the South and other regions where  
6 more manufacturing was coming on board.

7           But the uniform industry bounced back  
8 quicker, and their numbers have been growing the last  
9 year or two plus.

10           MR. CORKRAN: Are there any sort of general  
11 economic indicators that you tend to follow? If  
12 you're looking to project out what you think demand  
13 for your product will be in the coming months, the  
14 coming quarter, the coming half year, what if any  
15 indicators do you try to follow?

16           MR. MAGNUS: This is Milton Magnus with M&B.  
17 You know, economic indicators are really hard to  
18 follow when it's hard to compete. And if you look at  
19 the total demand, I think it follows somewhat to  
20 employment, not tied completely. And as Steve said,  
21 when people are in tight times, they take care of  
22 their older clothes better than buying new clothes.  
23 But it will tie a little bit to employment figures.

24           MR. CORKRAN: Okay. Thank you. That's very  
25 helpful. This question involves logistics. We're

1 dealing in subject countries that geographically may  
2 have something of an advantage in shipping to the U.S.  
3 West Coast. We're dealing with U.S. producers who are  
4 not particularly proximate to the West Coast. How do  
5 you handle accounts that are located in the western  
6 portion of the United States, and how do you ship  
7 product that's sold to the western portion of the  
8 United States?

9 MR. WAITE: Mr. Corkran, Fred Waite. First  
10 of all, there is a domestic producer. There are  
11 actually two domestic producers on the West Coast, US  
12 Hanger and Metro Supply. But I'll let Mr. Magnus and  
13 Mr. Smith respond to how their companies distribute  
14 and where they see these imported hangers because if  
15 you look at the import statistics and entry data,  
16 which we put in our petition, the hangers from Taiwan  
17 and Vietnam don't simply arrive in the West Coast.  
18 They go to ports on the East Coast, in the Gulf, Great  
19 Lakes. They're everywhere. They're in every market,  
20 every month, all the time.

21 MR. MAGNUS: Milton Magnus, M&B. Naturally,  
22 our largest area of sales is in the eastern half of  
23 the United States, Texas east. We have a few contract  
24 carriers that will haul stuff to the West Coast. It's  
25 not a big market for us.

1 MR. SMITH: Walt Smith, Indy Hanger. It's  
2 the same for us. We do have a few people out West,  
3 but it's primarily in the Midwest.

4 MR. CORKRAN: Well, thank you. I again  
5 sincerely appreciate all your time. Let me turn to my  
6 colleagues one last time to see if there is any  
7 additional questions or followup questions. No. Very  
8 good. Well, with that, I'd like to dismiss the panel,  
9 but again with our thanks. Thank you very much.

10 MR. WAITE: Thank you.

11 (Pause)

12 MR. CORKRAN: Mr. Neeley, we're still  
13 passing out testimony, but I think at this point your  
14 panel can begin. Thank you.

15 MR. NEELEY: Okay. Thanks. I'll make a  
16 couple of brief initial remarks, and then we'll turn  
17 to our panel. A couple of things. One clarification  
18 about what I said in my opening. And I think Mr.  
19 Waite was correct technically about something I said.  
20 I was referring to transshipments. And by  
21 transshipments, I really meant technical  
22 transshipments under the law, which, you know, just  
23 means you ship something over to a place, and slap a  
24 new label on it and also what could be termed anti-  
25 circumvention under DOC procedures.

1           Both of them I think are occurring. I  
2 expect there is a big more of the actual  
3 transshipments then there are of just anti-  
4 circumvention. But what I was referring to is both  
5 because I think it has the same effect in terms of  
6 your calculation and what you're taking into account  
7 because after all, those goods that are circumventing  
8 the law because it's minor alterations are a product  
9 of China and not product of Vietnam. So it would  
10 have, you know, exactly the same effect.

11           Second comment on what -- the colloquy  
12 between Ms. Alves and Mr. Waite. I came away a bit  
13 confused about what position the domestic industry is  
14 taking here. They seem to be saying that, eh, this is  
15 kind of a minor thing, and there is, yeah, this case  
16 with Angang and not much else. I think. I'm not  
17 sure. But I think you need to ask that question of  
18 them.

19           If they're taking the position that  
20 circumvention and transshipments, or transshipments  
21 generally, however we want to term it, is a minor  
22 problem for them, I want them to say it. I want them  
23 to say it to you today, and I want them to say it  
24 explicitly to you because there is a lot of people in  
25 this world that would be very interested in that. And

1 I want them to go over to the Customs Service, and I  
2 want them to tell them that as well. And I want them  
3 to go to Capitol Hill and tell the people on Capitol  
4 Hill, this is a minor problem.

5 I don't think that's what they've been  
6 saying. I don't think they can have it both ways. I  
7 think they need to tell you what position they've been  
8 taking on the Hill, what position they've been taking  
9 with the Customs Service. And they have an obligation  
10 to give you documents as to what they've told those  
11 folks about transshipments.

12 One clarification with regard to galvanized  
13 wire, which I think was left a little ambiguous this  
14 morning. Indy Wire said that recently they had seen  
15 imports of galvanized wire. I expect that's true.  
16 Perhaps the last part of the sentence was kind of left  
17 off. Galvanized wire from Korea --

18 VOICE: South.

19 MR. NEELEY: South, yeah. Well, South  
20 Korea, obviously, not North Korea, hopefully. And  
21 yeah. So to our knowledge, that's where the only  
22 galvanized wire hangers are coming in, just as a point  
23 of clarification.

24 So now let me turn to our panel, and we'll  
25 start with Ngheim Tran.

1           MR. TRAN: Good afternoon. My name is  
2 Ngheim Tran. I am an American citizen who was born in  
3 Vietnam, and I work as a consultant for Fabricate  
4 Choice, the largest buying group of dry cleaning  
5 hangers in the United States. My job at Fabricate  
6 Choice is to identify factories in Vietnam and in  
7 other parts of Asia which have good quality hanger  
8 production and work with those factories to supply  
9 hangers to our members.

10           One important part of my job is to make sure  
11 the hangers that are purchased come from legitimate  
12 factories and are not transshipped through countries  
13 such as Vietnam and actually are from countries such  
14 as China. As a result, I have a lot of knowledge of  
15 factories in both Vietnam and in Taiwan.

16           I have reviewed the list of 42 companies  
17 that was supplied in the petition that are identified  
18 as producers and exporters of steel wire garment  
19 hangers from Vietnam. The majority of those companies  
20 are not producers of hangers in Vietnam at all, and  
21 most appear to be transshippers of hangers. When I go  
22 to Vietnam to identify hanger producers, I always ask  
23 to see the factories and visit them to determine how  
24 many machines they have, if the machines are in  
25 production, and how the capacity of the machines

1 compare to the amount of hangers that the company says  
2 that it ships. I note the number of workers and  
3 production process and make a judgment as to whether  
4 the company is engaged in sufficient production or is  
5 transshipping. There is a very significant amount of  
6 transshipping of hangers through Vietnam.

7           In our post-conference brief, I will go  
8 through each of the 42 companies that were identified  
9 in the petition and discuss their status. Because we  
10 do not have that much time in today's hearing, I will  
11 not go through all 42 companies today, but I will just  
12 highlight a few important points. Just looking at the  
13 first page of the list, we see the following:

14           Company number one, Acton Company, has no  
15 factory and calls itself a broker.

16           Company number two, Angang Clothes Rack, is  
17 a company that is related to a company called Andrew  
18 in China. Andrew was one of the top three shippers  
19 from China during the China investigation, and Angang  
20 has been found to be transshipping hangers from China  
21 through Vietnam. That determination was released in  
22 October 2011.

23           Company number three, Asmara Home Vietnam,  
24 is a furniture company and has no capacity to produce  
25 hangers.

1           Company number four, B2B Company, is a  
2 company that I called and asked to visit in order to  
3 determine if they were producing. They did not return  
4 my telephone calls.

5           Company number five, Capco Wai Shing  
6 Vietnam, produces only plastic hangers in Vietnam.

7           Company number six, CTN Limited, this is a  
8 legitimate producer of hangers in Vietnam.

9           Company number seven, Dai Nam Investment, is  
10 a company that I have never heard of.

11           Company number eight is part of the same  
12 group as companies numbered 39 and 40, and is a small  
13 producer.

14           The above are just a few examples, but the  
15 pattern is the same with all of the pages of the list.  
16 Most companies clearly are not Vietnamese producers  
17 and they legitimate producers are generally fairly  
18 small, and many have shut down in 2010 due to being  
19 driven out of business by transshipment from China. I  
20 will supply information on all of the companies in the  
21 brief.

22           I also have been involved in trying to  
23 identify legitimate suppliers in Taiwan. In Taiwan, I  
24 have both called companies and have had conversations  
25 with MITCO MICO, which is a producer of tying machines

1 in Taiwan and we know because of their production of  
2 hangers in the Philippines. No companies in Taiwan  
3 have responded to my inquiries asking to their plants,  
4 and MITCO has told me that there is no legitimate  
5 production in Taiwan. As far as I know, there is very  
6 little production in Taiwan for the production of  
7 garment hangers.

8 I have reached this conclusion because of my  
9 lack in success in identifying and visiting producers  
10 in Taiwan, the information from MITCO, and the fact  
11 that Taiwan seemingly is a higher wage country where  
12 it is very difficult to produce competitive hangers.  
13 Based on these facts, I think that a conservative  
14 estimate is about 90 percent of the exports from  
15 Taiwan to the U.S. over the last several years have  
16 been transshipped from China.

17 For Vietnam, the situation is a bit more  
18 complicated because there are several legitimate  
19 producers, including all of those appearing here  
20 today. However, based on my estimates, which I will  
21 detail in the post-conference brief, it is clear that  
22 at least 30 to 35 percent of the imports listed as  
23 being from Vietnam in 2010 were transshipped.  
24 Everyone knows that the transshipment issue is major,  
25 and M&B has been very active in trying to stop this

1 activity.

2 Transshipments are not good for the U.S.  
3 industry, and also are not good for legitimate  
4 producers or purchasers, such as the group that I  
5 represent.

6 Finally, I should mention that in 2010, Mr.  
7 Khoa D. Nguyen and Mr. Bach Dang Dung of the U.S.  
8 Department of Homeland Security, Immigration, and  
9 Customs Enforcement visited Southeast Asia Hamico and  
10 Vietnam Hangers plants in a review of the  
11 transshipping. Of course, those plants are not  
12 involved in such activities. However, from that  
13 visit, we know that the U.S. government already has a  
14 great deal of information about transshipments, and I  
15 expect that some of that information came from  
16 Petitioners.

17 Therefore, I would ask that the Commission  
18 work with other agencies of the U.S. government, and  
19 also ask Petitioners for information on such  
20 transshipments, so that I can identify only actual  
21 Vietnamese products for this case.

22 Thank you for your attention. Please let me  
23 know if you have any questions.

24 MR. NEELEY: We'll next turn to Joe Pereira.

25 MR. PEREIRA: Good afternoon. My name is

1 Joe Pereira. I'm a consultant and manufacturer's rep  
2 for Triloan Hanger, which is one of the top three  
3 hanger producers in Vietnam today. I am a Canadian  
4 citizen, and for 25 years I was employed by a U.S.  
5 company, Laidlaw Corporation, out of Scottsdale,  
6 Arizona. At that time, I was general manager for the  
7 operations.

8           Triloan Hanger, Inc. is owned and operated  
9 by two Vietnamese-Americans, Tri and Michelle Nguyen.  
10 Tri came to the United States 35 years ago at the age  
11 of 10 and received his education in the United States  
12 with an engineering degree. He is a resident of Ohio,  
13 residing in Westchester, near Cincinnati. After  
14 graduating from college, Tri worked for several  
15 companies in the U.S. before going into business for  
16 himself. About 10 years ago, he opened a dry cleaning  
17 operation near his home in Ohio. But because of the  
18 rising prices, quality issues with hangers coming out  
19 of China, and his familiarity with the problems  
20 encountered by purchasers, he decided to open a hanger  
21 facility in Vietnam.

22           He opened this facility in late 2010, and  
23 the first container arrived in the U.S. February 2011.  
24 It is a modern facility outside of Ho Chi Minh City.  
25 The hangers that are manufactured are all for the dry

1 cleaning trade, as opposed to industrial hangers sold  
2 through distributors.

3           As you know, we have submitted questionnaire  
4 responses to the Commission and are ready to answer  
5 any questions you might have. I agree with what  
6 already has been said earlier about transshipments.  
7 It hurts all of us, every one in this room. So we  
8 welcome this investigation, and I thank you for your  
9 time.

10           MR. NEELEY: I think we'll turn next to  
11 James Lim.

12           MR. LIM: My name is James Lim, and I am the  
13 owner of what I believe to be the largest garment  
14 hanger companies in Vietnam. These companies have  
15 appeared as TJ Company, Limited, Tan Dinh Enterprise,  
16 and Infinite Industrial Hanger, Limited. I am proud  
17 to say that my companies have been audited by Cintas,  
18 the largest uniform rental company in the USA, and the  
19 largest purchaser of industrial hangers, and have been  
20 approved for their social compliance program. Part of  
21 the social compliance program is a review of customs  
22 and trade issues such as transshipments.

23           I was born in South Korea and emigrated to  
24 USA in 1977. I grew up in Baltimore and graduated  
25 from the University of Maryland in 1986 with an

1 accounting degree from the University of Baltimore.  
2 From '87 to 1990, I worked as an accountant, and then  
3 moved to New York City in 1990 to work for a luggage  
4 and handbag importing company that was one of the  
5 biggest suppliers to Walmart and K-Mart.

6 In the year 2002, I started my own company  
7 as a sourcing agent for various bag importers in the  
8 USA. In 2008, I began to buy some wire hangers, and  
9 by 2010, realized that there were opportunities to  
10 make high quality hangers in Vietnam. In 2010, I  
11 opened up my first wire hanger plant in Vietnam, and  
12 then in the year 2011, I purchased an existing garment  
13 plant in order to expand production.

14 My major customer in the U.S. is JL Imports.  
15 JL Imports has many long-time customers in the U.S.,  
16 and the quality of the product and reliable service is  
17 very important to them. JL Imports and its customers  
18 insist that are plants be available for inspection and  
19 reviewed to ensure that they are involved in no  
20 transshipments, and also to ensure that fair labor  
21 practice and environmental standards are being  
22 followed.

23 Our efforts to comply with all standards are  
24 undercut when transshipments use Vietnam to send  
25 products to the United States. I think that this case

1 is mostly about such transshipments, and I fell like I  
2 am a victim twice, first from the competition from  
3 transshippers, and then again from being blamed by the  
4 U.S. industry for problems that I did not create.

5           We have submitted our questionnaire  
6 responses to the Commission, and I will be glad to  
7 answer any questions.

8           MR. NEELEY: Okay. Next we'll turn to Hua  
9 Trinh.

10           MR. TRINH: Good afternoon. My name is Hua  
11 Trinh, and I have been a consultant and manufacturer's  
12 representative of Southeast Asia and Linh Sa Hamico  
13 since 2010. I am a U.S. citizen, and for the past six  
14 years I have involved in the wire hanger business as a  
15 retailer and consultant.

16           I came to the United States in 1981 with my  
17 youngest brother, who was six. I was 16 as a refugee  
18 from Vietnam. I received my bachelor's and master's  
19 degree in electrical engineering at North Dakota State  
20 University and Iowa State University. After working  
21 for 16 years in the engineering field, I started my  
22 own consultant business in importing, and it led me to  
23 my present consultant position with Hamico.

24           Southeast Asia Hamico and Linh Sa Hamico,  
25 known as Hamico, is a publicly traded Vietnamese

1 company which started producing wire hangers in April  
2 2008. Hamico has two production facilities in Ha Nam  
3 Province, which is about 100 kilometers southwest of  
4 Hanoi.

5           The illegal transshipment of wire hangers  
6 from Taiwan or Vietnam has hurt us as much as the U.S.  
7 companies, and our success is based on a fair price  
8 and dependable service. It is very important that  
9 legitimate Vietnamese companies as ours are not blamed  
10 for problems caused by the products that are not from  
11 Vietnam or Taiwan.

12           We have submitted our questionnaire  
13 responses to the Commission, and ready to answer any  
14 question that you might have. Thank you for your  
15 attention.

16           MR. NEELEY: And our final witness will be  
17 Joe Goldman from JL Imports.

18           MR. GOLDMAN: Good afternoon. My name is  
19 Joel Goldman. I'm the managing partner and CEO of JL  
20 Imports and UWH Industries, formerly United Wire  
21 Hangers, located in Hasbrouck Heights, New Jersey.  
22 Did you get the first part? Should I repeat that?  
23 Okay.

24           JL Imports is a family-owned business that  
25 is owned by both my brother, Larry Goldman, and

1 myself. UWH is also a family-owned business that is  
2 owned by my brother Larry and his son Peter, with  
3 myself and my son Stuart.

4 I'm a certified public accountant, and I've  
5 been in the wire hanger business since March 1962. I  
6 believe I understand the economics of making wire  
7 hangers and understand what it takes to compete  
8 profitably. Some of this testimony may sound familiar  
9 to you since -- to several of you since I've testified  
10 before the Commission at the section 421 investigation  
11 and the preliminary and final hearings on the anti-  
12 dumping investigation of wire hangers from China.

13 I want to discuss how the economics of this  
14 industry have evolved and why I've concluded that the  
15 condition of the U.S. industry has nothing to do with  
16 so-called dumped Vietnamese and Taiwan imports. Our  
17 company, United Wire Hanger, manufactured wire hangers  
18 in New Jersey for almost 45 years, from March 1962 to  
19 June 2006. In 2002, the Commission conducted its  
20 section 421 investigation against China, which United  
21 and M&B supported together. By the time the  
22 investigation was conducted, the economics of the  
23 industry already had started -- had changed.

24 In that same year, M&B became the first U.S.  
25 company to start production in Mexico, and was the

1 first U.S. company to recognize that the cost  
2 structure of U.S.-produced wire hangers was not  
3 competitive. We immediately saw the much lower prices  
4 that M&B had for manufacturing in Mexico and felt we  
5 could live with Mexico in the market if Chinese  
6 imports were limited by the section 421 case.

7           However, as President Bush, and his economic  
8 advisers correctly recognized, and we failed to  
9 consider at that time, there are many countries that  
10 can produce wire hangers at much lower costs than in  
11 the United States.

12           The President stated the relief would be of  
13 no benefit for the U.S. industry because producers  
14 simply would shift to other low-cost countries, which  
15 is why we also said in the Chinese anti-dumping  
16 investigation.

17           The shift now has happened, and will  
18 continue to happen regardless of the outcome of this  
19 case. In hindsight, our blaming profitability  
20 problems in the U.S. industry was too simplistic.  
21 Imports were not the cause of the problem, but simply  
22 a symptom of a different problem, the high cost of  
23 producing a low-priced commodity item like wire  
24 hangers in the United States.

25           Buyers know that the hangers can be produced

1 in many low-cost countries, and this keeps the prices  
2 down. At United Wire Hanger, we considered the  
3 president's findings carefully, and concluded that he  
4 was correct. I must say that we came to this  
5 conclusion reluctantly since we felt an obligation to  
6 our many employees. But the reality was and is that  
7 the imports are not the problem.

8 I know the competitive problems of the U.S.  
9 industry because I was a manufacturer for many years.  
10 Numerous issues faced the U.S. industry, and the U.S.  
11 market for wire hangers. A key issue is the lack of  
12 capacity by the U.S. producers. There is simply not  
13 enough capacity in the United States to meet all the  
14 consumers' needs. It is unlikely that the U.S.  
15 industry will ever fully supply the U.S. market  
16 without imports due to the ease of which production  
17 can shift to the next low-cost country.

18 In 2011 , I was contacted by many  
19 distributors who regularly purchased from M&P that  
20 needed additional supplies. These customers stated to  
21 me and to us that M&P was unable adequately to fulfill  
22 their supply needs. This is not surprising because it  
23 simply is insufficient capacity in the U.S., even with  
24 the addition to new producers such as Indy Hanger, and  
25 M&P itself makes up for the lack of capacity by

1 importing from Mexico.

2           The lack of capacity is important. It is  
3 one reason that price is not the only factor in  
4 purchasing decisions. Availability of supply,  
5 quality, and reliability of the supplier, all are  
6 additional and important factors. This is a problem  
7 of the U.S. wire hanger industry. It is not unfair  
8 prices or foreign subsidies. The problem is  
9 fundamentally one of a cost structure that does not  
10 allow the industry to compete with many countries in  
11 the world.

12           Thank you for your attention. I'd be happy  
13 to answer any questions.

14           MR. NEELEY: And that concludes our  
15 testimony. We'll be glad to take questions.

16           MR. CORKRAN: Thank you, Mr. Neeley, and  
17 thank you indeed to the entire panel. It was a very  
18 helpful presentation, and we very much appreciate the  
19 time that you've spent with us here this afternoon. I  
20 will turn first to Stefania Pozzi Porter with the  
21 Office of Investigations for questions.

22           MS. PORTER: Stefania Porter, Office of  
23 Investigations. Thank you for coming here today and  
24 for your presentations and for answering our  
25 questions, all of you.

1           My first question will be the Petitioners  
2 have asserted that the domestic like product shall be  
3 steel-wire garment hangers corresponding to the scope  
4 of the petition. Do you agree or disagree with this,  
5 Mr. Neeley?

6           MR. NEELEY: Yeah, we agree with that. I  
7 think that's pretty much what the Commission did last  
8 time, and we don't have a disagreement with that.

9           MS. PORTER: Thank you. Also, for the  
10 record, what is your opinion on using official  
11 Commerce statistics for the trade data compared with  
12 questionnaire responses?

13           MR. NEELEY: Our position is that official  
14 U.S. government statistics are essentially worthless,  
15 to be quite honest with you. I mean, that was our  
16 point, I think with the transshipments. I mean, it's  
17 a starting point for sure, and so I'm not saying  
18 ignore them. But what we would do -- and this is what  
19 we will suggest in our post-conference brief -- is  
20 that those data need to be taken and adjusted  
21 appropriately to take into account the transshipments  
22 that I think everybody should acknowledge is going on.

23           MS. PORTER: Thank you for your answer.  
24 Another question I have is do you believe subject  
25 imports from Taiwan and Vietnam should be cumulated?

1           MR. NEELEY: Frankly, we've treated them as  
2 being cumulated for the purpose of this argument.  
3 We'll consider that further, I think, in the post-  
4 conference brief. But obviously we've treated them  
5 together for this morning's presentation just to give  
6 you an idea of things like transshipments. We'll  
7 address that further in the brief.

8           MS. PORTER: Thank you. My last question  
9 will be are there any official Vietnamese or Taiwanese  
10 statistics on steel-wire garment hangers that you  
11 could provide?

12           MR. NEELEY: We'll look into that. I don't  
13 have any at the moment, but I understand how that  
14 could be useful, and we'll see what we can find.

15           MS. PORTER: Thank you very much.

16           MR. CORKRAN: Thank you very much. And I  
17 will turn now to Ms. Weaver.

18           MS. WEAVER: Marin Weaver, economist for the  
19 ITC. My first question is to all of you, but, Mr.  
20 Goldman, you touched on the capacity issue in your  
21 opening remarks. So I would like you all to speak to  
22 how much of the U.S. demand do you believe the U.S.  
23 industry has the capacity to meet?

24           MR. GOLDMAN: Well, I don't have the exact  
25 figures with me, and we can submit more detailed

1 information in a post-brief. But based on my  
2 experience in dealing with our customers, they have  
3 told me during 2011 that they had difficulty, and I  
4 had at least five customers tell me that they had  
5 difficulty in being able to purchase the hangers from  
6 the domestic source that they normally purchase from.  
7 If we could help them out, some of them were regular  
8 customers of ours, some not so regular customers.

9           But based on the amount of imported hangers  
10 that are coming in, it's filling a very large gap in  
11 the industry. And I'm sure that if Vietnamese and  
12 Chinese hangers were to stop, it would be a huge  
13 upheaval in the industry. It would be a major  
14 problem. There would just not be enough product to  
15 supply the industry.

16           MR. NEELEY: I would just add a couple of  
17 things to that thought. One is, of course, Mr.  
18 Goldman or any of the others aren't privy to the  
19 confidential information, so we'll address that in our  
20 post-conference brief based on the capacity that the  
21 U.S. industry claims to have in their shipments, et  
22 cetera, and, you know, the way that you guys calculate  
23 apparent consumption and that sort of thing. So we'll  
24 try to do that.

25           In terms of the upheaval, too, what I guess

1 we would say is, yeah, there would be an upheaval if  
2 foreign producers of shipments disappeared. We think  
3 what is more likely to happen is what happened when  
4 you put high duties on China, though, is you're going  
5 to shift to some another country. I mean, if it's not  
6 Vietnam, it's Thailand, it's Cambodia, it's Malaysia,  
7 it's, you know, a whole list of countries that can  
8 produce these products more efficiently than the U.S.  
9 can, which was kind of the gist of Mr. Goldmans'  
10 testimony.

11 MS. WEAVER: Thank you. My next question is  
12 some of your testimony spoke to new entrants in  
13 Vietnam to producing hangers, and obviously in the  
14 U.S. there were a number of producers that came in  
15 after 2008 and exited. So it seems like getting into  
16 producing hangers has fairly low barriers. What makes  
17 it easy to shift in and out of production for hangers,  
18 or what allows you to shift?

19 Sorry. It seems like in the last -- you  
20 know, since 2008, a number of companies here and in  
21 the U.S. have entered and/or exited the hanger  
22 production. And I was wondering if you all could  
23 speak to how easy it is to get in and out, you know,  
24 relative to maybe other manufacturing businesses.

25 MR. LIM: Well, it's a very simple item,

1 first of all, and costs per hanger is very, very  
2 minimum at the same time. I don't know about here,  
3 but -- and I've been in import business for 20 years,  
4 and I travel China many times. And during those  
5 period, you know, I learned that production process.  
6 And although it was difficult for foreign people to  
7 invest, operate a factory in Vietnam, I wish I got  
8 some subsidy from the Vietnam government, but I never  
9 got anything. It was cheaper than setting up a  
10 factory in USA. I mean, any way you slice it, you  
11 know, making a 4.5 or 5 cents hanger in the USA, for  
12 economy of scale, that doesn't make any sense to me to  
13 make wire hangers in USA.

14 I mean, and you don't need rocket scientist  
15 to run a hanger plant, you know. With common sense  
16 now in production and management skill, you can run  
17 wire hanger factors. I hope that answers your  
18 question. And if I may add one more thing, all  
19 legitimate Vietnamese factories, including myself,  
20 meaning that people who are registered with Vietnamese  
21 government to manufacture wire hangers can only  
22 produce powder-coated hangers. That's very important  
23 because any wire hangers that came out from Vietnam  
24 with the painted hangers, I don't know where they made  
25 it from. They're not made in Vietnam.

1           China uses that process and USA uses that  
2 process. But in Vietnam, under environmental law, we  
3 cannot use the toxic chemical paint. They allow  
4 water-based, but water-based is a very difficult  
5 process. Therefore, we choose easy powder-coating  
6 process. So every hanger that legitimately made in  
7 Vietnam and exported from Vietnam to USA are powder-  
8 coated hangers. I think that's a very important fact  
9 that you guys should know.

10           MR. CORKRAN: Thank you for your response,  
11 Mr. Lim. May I please remind all witnesses to  
12 identify themselves for the court reporter? Thank  
13 you.

14           MR. PEREIRA: If I may address the same  
15 question. You asked why is it easy to get started.  
16 Because the equipment is so portable, you know. And  
17 as Mr. Lim said, we're not talking about rocket  
18 science. We're talking about very little skill  
19 necessary. Once you train people how to do it, there  
20 is only two answers. It is right or it's right. So if  
21 it doesn't fit this shape, then it goes in the  
22 garbage. But a hanger machine takes the space up of  
23 four by five square feet, approximately.

24           So you can put, you know, eight, ten  
25 machines in a container and move it anywhere you want.

1 And the learning curve to train the people, a week,  
2 two weeks, three weeks. What you need is a good  
3 engineer who can fix it, who can run the paint line,  
4 and you're ready to go. And once you've trained them  
5 properly, it's a very simple process.

6 The hardest thing I think today would be  
7 getting the equipment. As we heard earlier, there is  
8 only three, four, five manufacturers of equipment in  
9 the world today, some of it very expensive that we  
10 can't touch. But probably the guy who is supplying  
11 most of the equipment today can only supply two or  
12 three machines a month.

13 So if you can't buy used equipment that's  
14 out on the market, okay, if it's not available, you've  
15 got to wait. So eventually you can move that  
16 equipment anywhere you want to do. Thank you.

17 MS. WEAVER: Thank you. So can I ask, when  
18 you said that in Vietnam you don't do painted because  
19 of the environmental regulations, is that the same  
20 with galvanized? Are there restrictions on doing  
21 galvanized, or are there other --

22 MR. NEELEY: To the best of our knowledge,  
23 there is no galvanized from Vietnam. It's like coming  
24 from South Korea.

25 MS. WEAVER: But is that because of a legal

1 requirement, like the painted, or just because it's  
2 not being made.

3 MR. LIM: James Lim. I never saw galvanized  
4 hanger in Vietnam, nor I intend to make galvanized  
5 hanger in Vietnam.

6 MR. NEELEY: Galvanized is, you know, more  
7 -- the steel is obviously more expensive to make.

8 MS. WEAVER: Okay. Thank you. I'm going to  
9 ask you some questions you heard me ask the U.S.  
10 manufacturers, but based on the questionnaire  
11 responses we received, there has been a lack of  
12 consensus on whether the hanger market in the U.S. has  
13 changed since 2008. Would you maybe like to comment  
14 on that, if you've seen changes or not?

15 MR. LIM: James Lim. I've been accessory  
16 business and garment business for 20 years importing  
17 them. You know, we talked about our economy for past  
18 two, three years, how bad it has been. But at the  
19 same time, the textile industry has been so developed,  
20 you know, it doesn't require it to go to dry cleaners  
21 to dry clean your many garments these days. You could  
22 just wash it at your homes.

23 How many -- let's say if I go to shop at  
24 Kmart and Walmart. How many clothing that if I  
25 purchase from Kmart or Walmart that needs to go to dry

1 cleaners? And dry cleaner industry is saturated. I'm  
2 Korean. In metropolitan area of New York City, there  
3 are 8,000 dry cleaners, 8,000 dry cleaners. It's a  
4 saturated market.

5           At the same time, I believe that textile  
6 doesn't require dry cleaning anymore. You could just  
7 wash it at home. So there is less demand for dry  
8 cleaning service, and if there is less demand for dry  
9 cleaning service, there will be less demand for wire  
10 hangers, too. That's perhaps why, you know, M&B is  
11 having a hard time. I don't know. I mean, that's my  
12 opinion on your question.

13           MR. GOLDMAN: Yes. I would like to go the  
14 record to make a correction regarding importing  
15 galvanized hangers from Vietnam. JL Imports imported  
16 two containers of galvanized hangers from Vietnam. It  
17 was a small manufacturer who thought he would try it.  
18 And we worked with him. The product was not very  
19 good. We did not import any more. And to the best of  
20 our knowledge, they are no other producers or any  
21 producers at this time making -- producing galvanized  
22 hangers in Vietnam.

23           MR. NEELEY: Yes. Sorry for my misstatement  
24 there. I was a little off. Virtually none at any  
25 time, and none now, apparently. So thank you.

1 MS. WEAVER: Thank you for the  
2 clarification. I think that's all my questions.

3 MS. LUNDQUIST: Just a couple of questions,  
4 a clarification. Sorry to make you repeat yourselves,  
5 but am I correct in understanding that there legally  
6 should be no imports of latex-coated or other coated  
7 wire hangers from Vietnam?

8 MR. TRINH: Could you please repeat the  
9 question?

10 MS. LUNDQUIST: Is it true that in Vietnam  
11 legally latex or other coated hangers cannot be  
12 produced?

13 MR. TRINH: That's not true. We can still  
14 produce the latex hanger for the uniform business,  
15 yes.

16 MS. LUNDQUIST: Okay. So it's only painted  
17 hangers that have problems.

18 MR. TRINH: Yes.

19 MS. LUNDQUIST: Okay. Thank you for that.  
20 And a quick question about -- are there any  
21 differences in production in Vietnam that you are  
22 aware of in terms of labor use or other?

23 MR. TRINH: This is Hua Trinh with Hamico.  
24 As you can see, the production of the hanger is very  
25 simple, and once you draw the steel wire and then you

1 feed it through the machine, that's -- the machine  
2 will take care of that. But after that, the process  
3 becomes very labor intensive. You have to go through  
4 the powder coating paint after you form the hangers,  
5 and then, for example, like the cape hangers in our  
6 factory, we don't have the machine to, you know, glue  
7 the paper and the hanger together. We have to do it  
8 by hand.

9           So that's very attractive in Vietnam because  
10 Vietnam is a country of 85 million people, and the  
11 latest statistic is 60 percent is under 30. So the  
12 workforce is plenty for doing the simple task of just  
13 sitting there and gluing it, and this is much cheaper  
14 and faster. You know, if you acquire machine to do  
15 the cape, it's very expensive and quite a heavy  
16 investment. I hope I answered your question.

17           MS. LUNDQUIST: Yes, thank you. And just to  
18 go back to the coatings, have you seen any  
19 differences, customers are requiring a different  
20 coating? Do they express any opinion about whether  
21 it's epoxy, latex, or vinyl?

22           MR. LIM: No, not at all. My name is James  
23 Lim. No. And epoxy is a substance that goes into  
24 powder coating process to harden the powder. So I  
25 just want you guys to keep the little technical term.

1 And latex is glue. It is glue.

2 MS. LUNDQUIST: Okay. Thank you, all. That  
3 concludes my questions.

4 MR. CORKRAN: Thank you very much. Ms.  
5 Alves.

6 MS. ALVES: Thank you. Mary Jane Alves from  
7 the General Counsel's Office. Mr. Neeley, I'll start  
8 with you. Are you aware of any U.S. producers that  
9 are related to producers, exporters, or importers of  
10 the subject merchandise from Vietnam or from Taiwan?

11 MR. NEELEY: I've not seen the data from  
12 Eagle at this point, or if there is data from Eagle.  
13 So I don't know what their situation is of the  
14 Petitioners. No, I don't think so, but I'd need to  
15 look at all the data before I answer that question.

16 MS. ALVES: Okay. If you could look at the  
17 issue of whether or not there are corporate  
18 relationships, and also if you could look at the issue  
19 of whether or not there are importers of subject  
20 merchandise. If in fact there are domestic producers  
21 who qualify as related parties or who may qualify, if  
22 you could look at the issue of whether or not  
23 appropriate --

24 MR. NEELEY: We'll address that in our  
25 brief. Thank you.

1 MS. ALVES: Thanks. Turning to the industry  
2 witnesses, do you agree with Petitioner's panel this  
3 morning when they were testifying about the portion of  
4 the U.S. market that they believe is in the dry  
5 cleaner versus the industrial or rental?

6 MR. NEELEY: It is roughly 65/35, or  
7 something like that.

8 MS. ALVES: I think they estimate about 65  
9 percent dry cleaner and about 30-35 percent to the --

10 MR. LIM: James Lim. My production capacity  
11 per year, I think I'm like 80 percent industrial  
12 versus 20-25 percent dry cleaning.

13 MR. NEELEY: Okay. But let me see if Mr.  
14 Goldman, who has been around the industry for a long  
15 time, can address that.

16 MR. GOLDMAN: Yes. Joel Goldman. I believe  
17 the percentage that Mr. Magnus mentioned was correct,  
18 65 to 70 percent dry cleaning and 30-35 percent  
19 industrial. There are certain factories in Vietnam  
20 that only produce -- that produce more of one type  
21 than another. But that does not affect the total  
22 percentage in the U.S.

23 MS. ALVES: Thank you. And that's precisely  
24 where my question was directed, was to the U.S. market  
25 itself. And then staying with you again, Mr. Goldman,

1 although the other witness feel free to comment, too,  
2 would you also agree then with the assessment of how  
3 the players make up each of these two segments, that  
4 there are many more purchasers who are distributors  
5 that are selling to the dry cleaning industry, perhaps  
6 100 or over 100, whereas on the industrial rental side  
7 there are significantly fewer players, perhaps about  
8 six large ones?

9 MR. GOLDMAN: Well, the dry cleaning  
10 industry is primarily sold through distributors, where  
11 the uniform rental or textile rental industry is sold  
12 mostly direct from the manufacturers. So M&B, Eagle  
13 would be selling direct. We as an importer would be  
14 selling direct to the textile rental companies as  
15 opposed to selling to a distributor who in turn is  
16 selling to the --

17 MS. ALVES: Thank you. And would you say on  
18 the industrial or the rental side about how many  
19 players are involved?

20 MR. GOLDMAN: There are some major national  
21 companies, perhaps six or so national companies, but  
22 there are hundreds of independent companies throughout  
23 the country on the textile or rental side.

24 MS. ALVES: Okay. And then on the dry  
25 cleaner side, would you care to estimate how many

1 major distributors there are, or how many distributors  
2 are out there? Is it in the hundreds?

3 MR. GOLDMAN: Yes, in the hundreds.

4 MS. ALVES: Okay. I think one of the  
5 estimates this morning was there may be two or three  
6 in each state, and they're fairly longstanding.

7 MR. GOLDMAN: Yes. I agree with the  
8 previous testimony.

9 MS. ALVES: Okay. Thank you. Any of the  
10 other witnesses care to comment? Okay. Looking at  
11 chart 1 that was presented this morning with  
12 Petitioner's panel, it appears as though in the last  
13 several months shown on the chart that there was a  
14 decline in the cumulated volume of imports from Taiwan  
15 and Vietnam. Is there any particular reason why there  
16 was a decline? It looks as though --

17 MR. NEELEY: Yeah. I think there is. If  
18 you look at the data that's mostly as a result of what  
19 was going on with Taiwan, and what was going on with  
20 Taiwan was transshipments. I mean, it's what we  
21 talked about earlier. I mean, 90 percent of it's  
22 transshipped, despite the fact of the testimony we  
23 heard today that, you know, what is going on with  
24 China makes the difference. The reality is -- and the  
25 facts, the data, show quite the contrary. What

1 happened is when the rates dropped in China to 1.71  
2 percent, there is no incentive to transship anything  
3 through Taiwan anymore, right?

4 I mean, so they stopped -- you know, maybe  
5 not entirely, but certainly it dropped very  
6 significantly. So, I mean, there you go. I mean,  
7 that's the drop.

8 MS. ALVES: Okay. So if the rates then are  
9 in fact on the verge of increasing --

10 MR. NEELEY: They're not.

11 MS. ALVES: -- as a result of the threat  
12 review --

13 MR. NEELEY: Well, okay, yeah.

14 MS. ALVES: -- do you anticipate that there  
15 will be additional transshipments coming in from  
16 Vietnam and Taiwan?

17 MR. NEELEY: Well, if that were the case,  
18 but it's not. I mean, the explanation we heard this  
19 morning was nonsense. I mean, what we heard from  
20 Petitioner -- I mean, it was not completely nonsense,  
21 but it was partly -- I mean, what Mr. Waite said was  
22 all actually true as far as it went. Let me put it  
23 that way, that all of those things did occur, and in  
24 fact, some companies will have increased rates. I  
25 mean, there is no doubt about it, although what we've

1 seen so far, remember, is only a preliminary  
2 determination by the Commerce Department, so that has  
3 no effect in reviews until they do the final.

4           But, you know, leaving that aside, even when  
5 that occurs, and if those companies rates go up to 180  
6 and some percent, and even if Shanghai Wells' number  
7 goes up, which I don't know if it will or not, nor  
8 does anybody -- even if all that happens, there are  
9 still a number of companies that will enjoy a 1.71  
10 percent rate, okay, and those companies will do quite  
11 well. And so in terms of looking at the threat, which  
12 is what we're all talking about here, I don't see that  
13 that is going to have a major impact in the  
14 foreseeable future as we talk about under the statute.

15           I mean, what we would see is, yes, some day  
16 if things change, then, sure, you could come up with a  
17 scenario where everything would change. But in the  
18 foreseeable future, there are a number of companies,  
19 including the company that we represented, Shaoxing  
20 Dingli, which will continue with the 1.71 percent rate  
21 regardless of what happens in these reviews.

22           MS. ALVES: Okay. Thank you. That was an  
23 important clarification. That was part of what I was  
24 getting at, was whether or not there were additional  
25 companies that were still subject to the lower rate.

1 And to your knowledge, were those companies being  
2 reviewed as part of the third review?

3 MR. NEELEY: No. I mean, Shaoxing Dingli is  
4 the one I can speak to because I've represented them  
5 in the past, and they were not involved in the third  
6 review. They didn't ship, and they didn't ship during  
7 the second review. So they're not -- that's why it's  
8 going to continue for some period of time for them at  
9 that same deposit rate.

10 MS. ALVES: Okay. And then that brings us  
11 to the question of Commerce's circumvention finding  
12 and then also the issue of transshipments. And I  
13 would invite -- as with all of my questions, I would  
14 invite both you to consider this issue for your post-  
15 conference brief, but also Mr. Waite as well.

16 What legal authority does the Commission  
17 have to make an assessment that imports from Vietnam  
18 and/or from Taiwan were transshipped?

19 MR. NEELEY: I would put it to you this way.  
20 The Commission has a legal obligation under the  
21 statute to look at imports that are sold at less than  
22 fair value or are subsidized. I mean, we start with  
23 that, and only at those particular types of imports.

24 To the extent that they're not from Vietnam  
25 or Taiwan, I would hope that it's clear to everybody

1 that those cannot be cognizable as, you know,  
2 injurious, as part of your injury calculation, as your  
3 injury determination. Having said that, then we go to  
4 the question of, you know, are there transshipments as  
5 a factual matter. And I think that we certainly have  
6 taken our position, and I will be glad to submit  
7 information to the Commission in our post-conference  
8 brief where the other side has also said the same  
9 thing, that there are a lot of transshipments.

10           Okay. So then I think what we're down to  
11 after having said all of that is the question of how  
12 much are there. I mean, that's the only question I  
13 think that's really before us, and we have taken a  
14 position. We've said 90 percent for Taiwan. We said  
15 30-35 percent for Vietnam. We'll give you the  
16 calculations.

17           The Commission needs to make a determination  
18 like with any other factual determination based on the  
19 record evidence before it. We've given you, and we  
20 will give you, our basis for our calculations, and I  
21 invite the other side to do the same and not skirt  
22 around the issue. I mean, I think they have an  
23 obligation to do that, and I'm quite sure that the  
24 Commission has an obligation to address the issue.

25           MS. ALVES: Okay. And to the extent that

1 you can elaborate on this argument, both legally and  
2 factually, in your post-conference brief, obviously  
3 any additional information you have would certainly  
4 be --

5 MR. NEELEY: Yeah. We'll be glad to do  
6 that. Thanks.

7 MS. ALVES: Also, the related issue of  
8 negligibility. If you're arguing that a large  
9 percentage of the imports from Taiwan, for example,  
10 are transshipped, what impact is that going to have on  
11 our negligibility calculation, keeping in mind under  
12 the statute whether or not imports are likely to  
13 imminently exceed the negligibility threshold as well.

14 MR. NEELEY: Yeah. That's actually a good  
15 point that I hadn't considered, and we'll look at the  
16 negligibility issue as well.

17 MS. ALVES: Okay. Thank you. An additional  
18 item for post-conference brief, in the China  
19 investigation there were similar arguments being made  
20 about whether or not the domestic industry had  
21 adequate capacity to supply demand in the U.S. market.  
22 This was an argument that was made throughout the  
23 case, and the Commission did address this issue in its  
24 opinion in that case.

25 So if you could take a look at the

1 Commission's discussion of that, it's in one of the  
2 footnotes in its opinion, and let us know if you have  
3 any response to those arguments as well.

4 MR. NEELEY: Will do.

5 MS. ALVES: Finally, I had a question about  
6 inventories and whether or not there is any sense  
7 among the industry witnesses of whether or not there  
8 are inventories either of domestically produced  
9 products or products with the label of Vietnam or  
10 Taiwan here in the U.S. market.

11 MR. GOLDMAN: Well, I -- Joel Goldman. I  
12 can only speak for our company. We have a warehouse  
13 facility in New Jersey and on the West Coast, and we  
14 have substantial inventory of product manufactured in  
15 Vietnam in both warehouses.

16 MS. ALVES: And this may be beyond what  
17 you're able to discuss, but are you aware in this  
18 industry if it is common to maintain inventories,  
19 either at the distributor level or at the producer  
20 level?

21 MR. GOLDMAN: Joel Goldman. Yes. Inventory  
22 is necessary. Most customers call, and whether it be  
23 a distributor or a textile rental company, they want  
24 the product within a couple, two or three days. And  
25 it's very necessary to have inventory. I'm sure our

1 competition also, domestic competition, keeps an  
2 inventory.

3 MS. ALVES: Okay. And that's not  
4 inconsistent with what we see in some other cases  
5 where the customers are demanding just-in-time  
6 delivery. They don't want to maintain the inventories  
7 themselves. They expect those selling the products to  
8 them to maintain them. Okay. Those are all the  
9 questions I had at this time. Thank you. Your  
10 testimony today has been extremely helpful, and again,  
11 I also appreciate the fact that you were able to all  
12 attend as well.

13 MR. CORKRAN: Thank you very much. Again,  
14 my great appreciation for your being here today. Your  
15 testimony has been extremely helpful. I have only a  
16 few followup questions. One is to try to pull  
17 together the disparate strands of testimony today  
18 about production of steel-wire garment hangers in  
19 Vietnam.

20 As I look through the various -- the  
21 testimony that has been submitted, I see one operation  
22 that began in April of 2008 and presumably was ramping  
23 up thereafter, one that began in 2010 and one that  
24 began in 2010 and began shipping to the United States  
25 in 2011. And I look at the official import statistics

1 from Vietnam, and I do see increases over each of the  
2 periods that we're looking at.

3           So I wonder if you could pull together for  
4 me what is the state of the industry in Vietnam. Do  
5 we have a growing ability to produce steel-wire  
6 garment hangers in Vietnam? And I am choosing my  
7 words carefully in terms of producing the product.

8           MR. NEELEY: It probably would be best in  
9 addressing that in a post-conference brief when we  
10 take into account all the transshipments. But I don't  
11 think there is any doubt that there are recent  
12 entrants. I mean, we're here and we're legitimate  
13 producers. So there is, you know, some increase, I  
14 would think in production there.

15           I think that the question before the  
16 Commission is largely one of causation, you know, is  
17 that given the situation in the U.S. market and the  
18 need for imports, are these volumes in any way  
19 injurious, and more precisely, are the pricing of  
20 these products injurious in any way. Or is the  
21 injury, if it is being suffered at all by the U.S.  
22 industry, coming from other non-subject factors,  
23 specifically largely from transshipments that may be  
24 underpriced.

25           So, I mean, I think that's what the gist of

1 our argument is here. So but we'll address the size  
2 of the industry and how it has changed.

3 MR. CORKRAN: In a related question, the  
4 operations that each of you represent today, you've  
5 described your own production in Vietnam. How do you  
6 interact with or come across some of the other  
7 companies that are located in Vietnam that you at  
8 least have identified as being questionable producers  
9 of steel-wire garment hangers? Do you compete with  
10 them in your own domestic market? Do you see them in  
11 the marketplace when you are exporting to the United  
12 States or to other export markets that you serve?

13 MR. PEREIRA: Joe Pereira of Triloan Hanger.  
14 We really don't see anybody. I mean, you hear names,  
15 but if they don't exist, how do you interact, you  
16 know? I mean, that's one of the issues we have.  
17 These names come to us from distributors here. But we  
18 don't physically see them in Vietnam, you know. And  
19 we have groupings. I mean, there is a grouping of  
20 manufacturers around Ho Chi Minh. Then there is some  
21 groupings up north, and there is some groupings to the  
22 West. And Vietnam is very hard to get around in.

23 You know, a 40-mile ride from Ho Chi Minh to  
24 our plant is two and a half hours. So it's very  
25 difficult to get together. The only thing that has

1 brought us together has been this hearing. And I will  
2 tell you that there was a meeting of some  
3 manufacturers, and we have 42 so-called manufacturers  
4 here. There was only like six or seven that were  
5 there. You would think this would bring us together  
6 if there was that many more.

7 MR. CORKRAN: Thank you very much. Let me  
8 see.

9 (Pause)

10 MR. CORKRAN: Mr. Goldman, I had a question  
11 for you in terms of as we look at the transition in  
12 the marketplace, can you give us a little additional  
13 background on what eventually happened with United  
14 Wire Garment Hangers? You indicated in your testimony  
15 that production ended in 2006. Did you continue to  
16 service customers out of inventory, or did it pretty  
17 much end by the end of calendar year 2006?

18 MR. GOLDMAN: Joel Goldman. No. We  
19 continued to serve customers from inventory and from  
20 imports at that time from China. And currently, we're  
21 servicing our customers mostly from imports from  
22 Vietnam.

23 MR. CORKRAN: Thank you. I'm sorry. I  
24 should have specified. What I meant was with the  
25 domestically produced steel-wire garment hangers, were

1 you essentially running out the last of your inventory  
2 through 2006, and then pretty much out of that source  
3 of supply?

4 MR. GOLDMAN: That is correct.

5 MR. CORKRAN: Thank you. And the last  
6 question I had also goes to Mr. Goldman. You  
7 indicated that you were contacted by a number of  
8 distributors in 2011 regarding supply conditions in  
9 the United States. To your knowledge, was this  
10 because of any new events, any shortfalls that were of  
11 a short-term duration, or was this concern over a  
12 longer, a more ongoing situation? I guess what I'm  
13 looking at is in 2011, we've been hearing about a  
14 number of things. We've heard about how later in the  
15 period certain producers such as Shanti stopped  
16 producing in the United States. We heard about both  
17 circumvention and, in the case of Mexico, a  
18 transshipment proceeding that may have had an impact  
19 on some sources of supply.

20 So what I was trying to get at is were there  
21 specific events that were bringing people to you, or  
22 was this more of a longer term situation that you were  
23 seeing?

24 MR. GOLDMAN: Joel Goldman. To my  
25 knowledge, there were not specific events. There were

1 just customers in desperate need of product that we  
2 served. We didn't ask why. They said they just  
3 couldn't get it from their normal source and asked if  
4 we could service them and help them.

5 MR. PEREIRA: Joe, may I say something?  
6 We've talked about Great Plains. We've talked about  
7 Shanti. We've talked about Platinum. I was involved  
8 with all of them, okay? I'm a consultant. And at  
9 some point or another, I talked to the principals of  
10 all three operations. They all had manufacturing  
11 issues, buying the wrong steel, producing unique  
12 products or one product, one-off only. They were  
13 producing faulty product. And all this led to the  
14 downfall.

15 It wasn't imports at the time. Had they  
16 been more astute and followed some better instruction,  
17 they might be here today, might. I'm not saying they  
18 would have made it. But they had other issues beyond  
19 prices coming out from other people.

20 For example, Platinum Hanger only produced  
21 at one point one hanger, the shirt hanger. That's all  
22 they wanted to produce. They were going to add to it,  
23 but you can't go out and just sell truckloads of shirt  
24 hangers to anybody. They want a mix. The distributor  
25 wants the whole gambit. He doesn't want to fill this

1 warehouse. So that was my point. Thank you.

2 MR. CORKRAN: Thank you, Mr. Pereira. If I  
3 can ask that you elaborate, to the extent that you  
4 can, in the post-conference brief on that. That would  
5 be very helpful.

6 Let me turn to my colleagues to see if there  
7 are any additional questions. No. Okay. Seeing  
8 none, I would like to take one last opportunity to  
9 thank you very much for your appearance today. And  
10 with that, I will dismiss the panel, and we will  
11 adjourn for 15 minutes until 1:15 for closing  
12 comments. Thank you.

13 (Off the record at 12:58 p.m.)

14 (On the record at 1:14 p.m.)

15 MR. CORKRAN: If we can have the room come  
16 to order, I'd like to begin the opening statements  
17 with Mr. Waite, please.

18 MR. WAITE: Thank you, Mr. Corkran and  
19 members of the staff for your patience and good humor  
20 throughout this proceeding, and your expeditious  
21 administration of this proceeding as well. I'm just  
22 going to touch on a number of points, tie up some  
23 loose ends, and then address a number of issues that  
24 you've addressed in your questioning of both panels  
25 and that have been raised by Respondent's panel in our

1 post-conference brief.

2           First, I'd like to address the question that  
3 Ms. Alves asked me about the initiation notices from  
4 the Commerce Department. I have both of them in front  
5 of me, at least the advance copies, and the exclusions  
6 are as I described them earlier, the three sets of  
7 exclusions for wooden, plastic, and other garment  
8 hangers not made of wire, which is in the China order,  
9 as well as the garment hangers with swivel hooks,  
10 clips, and the garment hangers that are chrome-plated  
11 in 3.4 millimeters or more in diameter.

12           Next, I'd like to address the continuing  
13 colloquy that we've had on Commerce Department  
14 proceedings here at the staff conference today. I'm  
15 pleased Mr. Neeley said that what I told you is  
16 factual correct as far as I went. I went as far as I  
17 could because beyond that, there are no facts. But I  
18 can tell you that in the third review, despite what  
19 you were told by Respondent's counsel, the Commerce  
20 Department has identified 19 companies that shipped  
21 hangers to the United States during the third review  
22 period from China. Nine of those companies have the  
23 China-wide rate, and they are not subject to review,  
24 so they will continue with the China-wide rate of  
25 187.25 percent.

1           Five of those companies are the companies  
2 from the second review, which will have the China-wide  
3 rate at the end of the second review. And  
4 incidentally, there is no question about that. It's a  
5 legal issue at the Commerce Department. They're  
6 already determined that these are uncooperative  
7 respondents in the preliminary determination, and  
8 there is nothing in the record that has been submitted  
9 since the preliminary determination, so those five,  
10 actually six, companies will have the China-wide rate.

11           Four of the companies are the separate-rate  
12 companies that still have the 1.71 percent rates, but  
13 we're confident that when the third review is over,  
14 they will join their colleagues who have the China-  
15 wide rate. Again, that's not a factual statement  
16 because we're still in the third review. But given  
17 the behavior of these Chinese companies, I think there  
18 is no question that when they're called upon by the  
19 Commerce Department to submit information, they will  
20 be found wanting.

21           And then finally, Respondent's counsel  
22 referred to his client, Dingli, as having the 1.71  
23 percent rate. That's one company. And from the  
24 information we have in the public record, Dingli has  
25 not shipped a hanger to the United States in the last

1 two review periods. So obviously there is something  
2 influencing Dingli not continuing to participate in  
3 these proceedings.

4           Next, I'd like to address some of the  
5 comments you heard from Respondent's witnesses and  
6 perhaps clarify for you. Mr. Tran addressed the 42  
7 companies that we had listed as exporters and  
8 producers of hangers from Vietnam, emphasized  
9 exporters and producers. We didn't say they were all  
10 producers because we know in this industry, as in  
11 China and Taiwan, there are a number of companies that  
12 are exporters, but don't produce themselves, but they  
13 source from producers. And not to get into the  
14 specific companies in any detail, we can look at that  
15 in our post-conference submission, but I do notice  
16 that Mr. Tran said that he had never heard of this  
17 Dai-Nam Company that we list. Dai-Nam has a website  
18 in Vietnamese and in English that presents themselves  
19 as significant manufacturers of steel-wire garment  
20 hangers. We put that in our petition, and it is  
21 surprising that as a result Mr. Tran had never heard  
22 of this company.

23           You also heard testimony from the  
24 Respondents that there will be this continual shift to  
25 what they described as low-cost countries if a remedy

1 is visited on Vietnam and Taiwan. Let me say  
2 something that you've heard in many proceedings and  
3 that I've said in many proceedings. We're not talking  
4 about low-cost countries here. We're talking about  
5 low-priced countries.

6           What the Commerce Department has found in  
7 the China case is that not that China was the low-cost  
8 supplier. They were dumping at 187 percent rates,  
9 most of their companies. You also have an industry  
10 that's highly automated, and they talk about low labor  
11 costs. The labor costs are not an issue in the U.S.  
12 industry, and you can see that from the questionnaire  
13 responses of the U.S. industry. These are companies  
14 that use highly automated machinery. It has been  
15 described to me that nobody touches the hanger from  
16 the time that it enters the process until the time it  
17 goes into packaging. It just goes through -- the U.S.  
18 industry having higher wage rates is not a  
19 disadvantage.

20           The cost of hangers is really related more  
21 to the raw material costs than it is to these other  
22 factors.

23           You also heard testimony that at least one  
24 U.S. supplier was not able to meet the demands of its  
25 customers, and these customers went to an importer.

1 We didn't get a lot of information on that, not a lot  
2 of specifics. We don't know whether these customers  
3 went to the importer because they couldn't get the  
4 product at the price they wanted because they were  
5 seeing these prices coming in from imports and their  
6 competitors were quoting them. And we also know from  
7 the U.S. industry that they often get a call from a  
8 customer who will say, my container didn't arrive, or  
9 it's tied up in Customs, or the vessel is sitting  
10 outside the port. Can you help me out? Can you ship  
11 me, you know, a truckload of hangers in 15 minutes?  
12 Well, you can't, but can that customer then go to  
13 another supplier and say, gee, I tried the U.S.  
14 industry, and they couldn't supply.

15           You really need to get behind all this  
16 anecdotal self-serving testimony that you heard from  
17 the Respondent's panel. And another example of that  
18 was the testimony about the impact of the recession on  
19 the dry cleaning industry and the anecdotal comments  
20 about grandmothers, I think, going to Walmart and  
21 buying clothing that they then wash.

22           Well, if the dry cleaning industry is so  
23 depressed and the demand is lacking, why are these  
24 companies going into it? Maybe the U.S. has been in a  
25 general recession, and indeed it has certainly at the

1 end of 2008 and 2009. But as you heard from Mr.  
2 Pedelty, that has only a limited impact on -- he has  
3 seen only a limited impact on the dry cleaning  
4 industry.

5           What is clear, however, is that there has  
6 been no recession on imports of hangers from Vietnam  
7 and Taiwan. If you look at chart 2, you can see what  
8 happened even in the height of the recession in 2009  
9 and then again in 2010. So we believe, based on what  
10 you've heard today, what you've seen in the petition,  
11 what you've seen in the questionnaire responses, that  
12 the record of this case shows that subject hangers are  
13 and have been exploding into the U.S. market at prices  
14 far below U.S. prices, leading to red ink in the  
15 domestic industry for the entire POI, and that these  
16 industries have developed enormous capacities in  
17 Taiwan and Vietnam that can certainly be unleashed  
18 very quickly, as we saw after the order on China in  
19 2008 to come into and devastate the U.S. market.

20 Thank you.

21           MR. CORKRAN: Thank you very much for your  
22 closing. And, Mr. Neeley, when you are ready.

23           MR. NEELEY: Thank you. I'll just make a  
24 couple of very brief points in closing. First, with  
25 regard to the issue of what is going on in China and

1 the reviews going on out of the Commerce Department,  
2 it is something, you know, we'll go into in greater  
3 depth in our post-conference brief. However, I'd  
4 point out a couple of things.

5           First, by what Mr. Waite just said, there  
6 are four companies he thinks that after the third  
7 review who now have low rates will not any longer have  
8 low rates, is basically what he has told you. I think  
9 that's speculation on his part. I mean, I don't think  
10 he really has a firm basis to say that at this point,  
11 number one. And number two, if that does happen, it's  
12 some way off before that third review is completed.  
13 So that's number one.

14           Secondly, he says and he has admitted  
15 basically that Dingli, our client, has not shipped up  
16 to this point, which means that it's going to continue  
17 with the 1.71 percent, which is exactly what I said  
18 before. If you take four plus the one with Dingli,  
19 that's five companies. That is about as many  
20 companies as we think are legitimately in Vietnam.  
21 That's pretty significant.

22           So, you know, the shift to China, I think,  
23 by just looking at those -- you know, at those numbers  
24 is fairly significant, even if there are no others  
25 that get involved.

1           Again, we will look at each of the 42  
2 companies that were listed. Mr. Waite, of course, is  
3 right that not all of them are listed as producers.  
4 But they were listed as exporters, and one wonders  
5 where they are getting their hangers. And we'll go  
6 through each one of them, just give you an idea of  
7 what our understanding is of each one of them, and  
8 also our calculation that 30 to 35 percent of the  
9 hangers that are coming from Vietnam are transshipped  
10 in some manner.

11           You know, in terms of this being not about  
12 low cost but about low prices, and the statement that  
13 somehow this is a very automated process, that labor  
14 doesn't play a big factor in it, you know, I guess I  
15 have one question. Why are they in Mexico? Why are  
16 they down there? I mean, if labor doesn't make a big  
17 difference, why are they in Piedras Negras, which is  
18 right across from Eagle Pass, Texas, so they can sell  
19 to the U.S. market? Why are they down there. I would  
20 suggest it is because of cost. Good, rational  
21 decision on their part. I wouldn't criticize it, but  
22 that's why they're there. And cost is a big factor,  
23 and labor is a factor, a significant factor. And  
24 that's why, as we said in our testimony, people can  
25 move to a number of other places.

1           That's pretty much it. We'll address the  
2 other issues in our post-conference brief, and thanks  
3 for your time.

4           MR. CORKRAN: Thank you, Mr. Neeley. On  
5 behalf of the Commission and the staff, I would like  
6 to thank the witnesses who came here today and the  
7 counsel who came here today for helping us gain a  
8 better understanding of the product and the conditions  
9 of competition in the steel-wire garment hangers  
10 industry.

11           Before concluding, let me please mention a  
12 few dates to keep in mind. The deadline for  
13 submission of corrections to the transcript and for  
14 submission of post-conference briefs is Wednesday,  
15 January 25th. If briefs contain business proprietary  
16 information, a public version is due on Thursday,  
17 January 26th. The Commission has tentatively  
18 scheduled its vote on this investigation for Friday,  
19 February 10th, and it will report its determinations  
20 to the Secretary of the Department of Commerce on  
21 Monday, February 13th.

22           The commissioners' opinions will be  
23 transmitted to the Department of Commerce on Tuesday,  
24 February 21st. Parties are reminded that the  
25 Commission's new e-filing procedures became effective

1 on November 7th, 2011, and please docket services with  
2 any questions or concerns on that matter.

3 Thank you all for coming, and the conference  
4 is adjourned.

5 (Whereupon, at 1:28 p.m., the preliminary  
6 conference in the above-entitled matter was  
7 adjourned.)

8 //

9 //

10 //

11 //

12 //

13 //

14 //

15 //

16 //

17 //

18 //

19 //

20 //

21 //

22 //

23 //

24 //

25 //

**CERTIFICATION OF TRANSCRIPTION**

**TITLE:** Certain Steel Wire Garment Hangers  
from Taiwan and Vietnam

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

**HEARING DATE:** January 20, 2012

**LOCATION:** Washington, D.C.

**NATURE OF HEARING:** Preliminary Conference

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

DATE: 1/20/12

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

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

SIGNED: Carlos E. Gamez  
Signature of Proofreader

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

SIGNED: Gabriel Gheorghiu  
Signature of Court Reporter