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Sunset Review
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January 2, 2014

MEMORANDUM TO: Christian Marsh
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

FROM: James C. Doyle
Director, Office V
Antidumping and Countervailing Duty Operations

SUBJECT: Issues and Decision Memorandum for the Expedited First Sunset
Review of the Antidumping Duty Order on Steel Wire Garment
Hangers from the People's Republic of China

Summary

In the sunset review of the antidumping duty order covering steel wire garment hangers from the People's Republic of China ("PRC"), M&B Metal Products Company, Inc., Innovative Fabrication LLP/Indy Hanger, and US Hanger Co., LLC (collectively, "the domestic interested parties"), submitted an adequate substantive response on September 30, 2013.¹ No respondent submitted a substantive response. In accordance with our analysis of the domestic interested parties' Substantive Response, we recommend adopting the positions described in the instant memorandum.

Background

On September 3, 2013, the Department of Commerce (the "Department") published a notice of initiation of the sunset review of the antidumping duty order on steel wire garment hangers from the PRC.² On September 11, 2013, the domestic interested parties submitted their notice of intent to participate in this sunset review.³ As noted above, on September 30, 2013, the domestic interested parties submitted their Substantive Response within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). Also as noted above, the Department did not receive a substantive response from any respondent interested party. As a result, pursuant to section 751(c)(3)(B) of the Tariff Act of 1930, as amended (the "Act") and 19 CFR 351.218(e)(1)(ii)(C)(2), the

¹ See Letter from the domestic interested parties, re: "Five-Year Review of Steel Wire Garment Hangers from China-- Five-Year Review of Steel Wire Garment Hangers from China—Substantive Response of Domestic Producers to Notice of Initiation," dated September 30, 2013 ("Substantive Response").

² See Initiation of Five-Year ("Sunset") Review, 78 FR 54237 (September 3, 2013).

³ See Letter from the domestic interested parties, re: "Five-Year Review of Steel Wire Garment Hangers from China—Notice of Intent to Participate," dated September 11, 2013.



Department conducted an expedited (120-day) sunset review of the antidumping duty order on steel wire garment hangers from the PRC.

As explained in the memorandum from the Assistant Secretary for Enforcement and Compliance, the Department has exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from October 1, through October 16, 2013.⁴ Therefore, all deadlines in this segment of the proceeding have been extended by 16 days. The revised deadline for the expedited final results of this sunset review is now January 17, 2014.

History of the Order

On August 14, 2008, the Department published its final determination in the less than fair value (“LTFV”) investigation of steel wire garment hangers from the PRC.⁵ On September 15, 2008, the Department published an amended final determination in the LTFV investigation.⁶ On October 6, 2008, the Department published the order on steel wire garment hangers from the PRC.⁷ In so doing, the Department found the following weighted-average dumping margins:

Exporter	Weighted-Average Deposit Rate (Percent)
Shanghai Wells Hanger Co., Ltd.	15.83
Shaoxing Metal Companies: Shaoxing Gangyuan Metal Manufactured Co., Ltd. Shaoxing Andrew Metal Manufactured Co., Ltd. Shaoxing Tongzhou Metal Manufactured Co., Ltd.	94.78
Jiangyin Hongji Metal Products Co., Ltd	55.31
Shaoxing Meideli Metal Hanger Co., Ltd.	55.31
Shaoxing Dingli Metal Clotheshorse Co., Ltd.	55.31
Shaoxing Liangbao Metal Manufactured Co. Ltd.	55.31
Shaoxing Zhongbao Metal Manufactured Co. Ltd.	55.31
Shangyu Baoxiang Metal Manufactured Co. Ltd.	55.31
Zhejiang Lucky Cloud Hanger Co., Ltd.	55.31
Pu Jiang County Command Metal Products Co., Ltd.	55.31
Shaoxing Shunji Metal Clotheshorse Co., Ltd.	55.31
Ningbo Dasheng Hanger Ind. Co., Ltd.	55.31
Jiaying Boyi Medical Device Co., Ltd.	55.31
Yiwu Ao-Si Metal Products Co., Ltd.	55.31

⁴ See Memorandum for the Record from Paul Piquado, Assistant Secretary for Enforcement and Compliance, “Deadlines Affected by the Shutdown of the Federal Government” (October 18, 2013).

⁵ See Steel Wire Garment Hangers from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value, 73 FR 47587 (August 14, 2008) (“Investigation Final”).

⁶ Steel Wire Garment Hangers from the People’s Republic of China: Amended Final Determination of Sales at Less Than Fair Value, 73 FR 53188 (September 15, 2008) (“Amended Final”).

⁷ See Notice of Antidumping Duty Order: Steel Wire Garment Hangers from the People’s Republic of China, 73 FR 58111 (October 6, 2008) (“Order”).

Shaoxing Guochao Metallic Products Co., Ltd.	55.31
PRC-Wide Rate	187.25

Administrative Reviews and New Shipper Reviews

Since the issuance of the Order, the Department has completed three administrative reviews with respect to steel wire garment hangers from the PRC. In the First AR, we calculated a de minimis rate for Shanghai Wells Hanger Co., Ltd. (“Shanghai Wells”) and rate of 1.17 percent for Shaoxing Dingli Metal Clotheshorse Co., Ltd. the other mandatory respondent.⁸ This rate was used as the rate for the separate rate companies in the First AR.⁹ In the Second AR, we calculated a rate of 0.81 percent for the only responsive company, Shanghai Wells.¹⁰ For six unresponsive companies in the Second AR, we assigned, as adverse facts available (“AFA”), the PRC-wide entity rate of 187.25 percent.¹¹ In the Third AR, we calculated a zero percent for the only responsive company, Shanghai Wells.¹² For six unresponsive companies in the Third AR, we assigned, as adverse facts available (“AFA”), the PRC-wide entity rate of 187.25 percent.¹³ The fourth administrative review and a new shipper review are ongoing.¹⁴

Scope Inquires, Changed Circumstances Reviews, and Duty Absorption

On March 19, 2009, the Department published the initiation and preliminary results in the changed circumstance review to consider excluding chrome-plated steel wire garment hangers with a diameter of 3.4 millimeters or greater from the scope of the Order.¹⁵ On October 2, 2009, the Department issued its final results and partially revoked the Order with respect to chrome-plated steel wire garment hangers with a diameter of 3.4 millimeters or greater.¹⁶

On July 22, 2010, the Department initiated an anti-circumvention inquiry with respect to steel wire garment hangers of PRC origin that were assembled with paper accessories in the Socialist Republic of Vietnam (“Vietnam”) and then exported to the United States.¹⁷ On October 28,

⁸ See First Administrative Review of Steel Wire Garment from the People’s Republic of China: Final Results and Final Partial Rescission of the Antidumping Duty Administrative Review, 76 FR 27994, 27997 (May 13, 2011) (“First AR”).

⁹ Id.

¹⁰ See Steel Wire Garment Hangers from the People’s Republic of China: Final Results and Final Partial Rescission of Second Antidumping Duty Administrative Review, 77 FR 12553 (March 1, 2012) and Steel Wire Garment Hangers from the People’s Republic of China: Amended Final Results of the Second Antidumping Duty Administrative Review, 77 FR 19191, 19192 (March 30, 2012) (“Second AR”).

¹¹ Id.

¹² See Steel Wire Garment Hangers from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review; 2010-2011, 78 FR 28803, 28804 (May 16, 2013) (“Third AR”).

¹³ Id.

¹⁴ See Steel Wire Garment Hangers from the People’s Republic of China: Preliminary Results of Antidumping Duty Administrative Review and New Shipper Review; 2011-2012, 78 FR 70271 (November 25, 2013).

¹⁵ See Steel Wire Garment Hangers from the People’s Republic of China: Initiation and Preliminary Results of Changed Circumstances Review, and Intent to Revoke Order in Part, 74 FR 11713 (March 19, 2009).

¹⁶ See Steel Wire Garment Hangers from the People’s Republic of China: Final Results of Changed Circumstances Review, and Revocation in Part of Antidumping Duty Order, 74 FR 50956 (October 2, 2009).

¹⁷ See Steel Wire Garment Hangers From the People's Republic of China: Initiation of Anti-Circumvention Inquiry, 75 FR 42685 (July 22, 2010).

2011, the Department determined that steel wire garment hangers exported from Vietnam by two particular companies were circumventing the Order.¹⁸

Additionally, the Department has completed five scope inquires with respect to steel wire garment hangers.¹⁹ There have been no duty absorption findings.

Discussion of the Issues

Legal Framework

In accordance with section 751(c)(1) of the Act, the Department is conducting this sunset review to determine whether revocation of the Order would be likely to lead to continuation or recurrence of dumping. Sections 752(c)(1)(A) and (B) of the Act provide that, in making this determination, the Department shall consider both the weighted-average dumping margins determined in the investigation and subsequent reviews, and the volume of imports of the subject merchandise for the period before, and the period after, the issuance of the Order.

In accordance with the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act, specifically the Statement of Administrative Action, H.R. Doc. 103-316, vol. 1 (1994) (“SAA”), the House Report, H. Rep. No. 103-826, pt. 1 (1994) (“House Report”), and the Senate Report, S. Rep. No. 103-412 (1994) (“Senate Report”), the Department’s determinations of likelihood will be made on an order-wide, rather than company-specific, basis.²⁰ In addition, the Department normally determines that revocation of an antidumping duty order would be likely to lead to continuation or recurrence of dumping when, among other scenarios: (a) dumping continued at any level above de minimis after the issuance of the order; (b) imports of the subject merchandise ceased after issuance of the order; or (c) dumping was eliminated after the issuance of the order and import volumes for the subject merchandise declined significantly.²¹ Alternatively, the Department normally will determine that revocation of an antidumping duty order would not be likely to lead to continuation or recurrence of dumping where dumping margins declined or were eliminated and import volumes remained steady or increased after issuance of the order.²² In addition, as a base period of import volume comparison, it is the Department’s practice to use the one-year period immediately preceding the initiation of the investigation, rather than the level of pre-order import volumes, as the initiation of an investigation may dampen import volumes and, thus, skew comparison.²³

Further, section 752(c)(3) of the Act states that the Department shall provide to the International Trade Commission (“ITC”) the magnitude of the margin of dumping likely to prevail if the order

¹⁸ See Steel Wire Garment Hangers From the People's Republic of China: Affirmative Final Determination of Circumvention of the Antidumping Duty Order, 76 FR 66895 (October 28, 2011).

¹⁹ See Final Scope Ruling on Target's Accessory Hanger (May 12, 2010); Scope Ruling on Retail Display Hangers (December 1, 2011); Final Scope Ruling on Great American Hangers (February 16, 2012); Ruling on Casual Canine Pet Fashion Hangers (August 2, 2012); Final Scope Ruling on Space-Saving Lingerie and Accessory Hangers Imported by Whitmor, Inc. (August 19, 2013).

²⁰ See SAA, at 879 and House Report at 56.

²¹ See SAA at 889-90, House Report at 63-64, and Senate Report at 52.

²² See SAA at 889-90, and House Report at 63.

²³ See, e.g., Stainless Steel Bar from Germany: Final Results of the Sunset Review of the Antidumping Duty Order, 72 FR 56985 (October 5, 2007) and accompanying Issues and Decision Memorandum at Comment 1.

were revoked. Generally, the Department selects the antidumping duty margins from the final determination in the original investigation, as this is the only calculated rate that reflects the behavior of exporters without the discipline of an order in place.²⁴

In the Final Modification for Reviews, the Department announced it was modifying its practice in sunset reviews such that it will not rely on weighted-average dumping margins that were calculated using the methodology found to be World Trade Organization (“WTO”)-inconsistent, i.e., zeroing/the denial of offsets.²⁵ In the Final Modification for Reviews, the Department stated that “only in the most extraordinary circumstances” would it rely on margins other than those calculated and published in prior determinations.²⁶ The Department further stated that apart from the “most extraordinary circumstances,” it would “limit its reliance to margins determined or applied during the five-year sunset period that were not determined in a manner found to be WTO-inconsistent” and that it “may also rely on past dumping margins that were not affected by the WTO-inconsistent methodology, such as dumping margins recalculated pursuant to Section 129 proceedings, dumping margins determined based on the use of total adverse facts available, and dumping margins where no offsets were denied because all comparison results were positive.”²⁷

Finally, pursuant to section 752(c)(4)(A) of the Act, a dumping margin of zero or de minimis shall not by itself require the Department to determine that revocation of an antidumping duty order would not be likely to lead to continuation or recurrence of sales at LTFV.²⁸ Our analysis of the comments submitted by domestic interested parties follows.

Analysis

1. *Likelihood of Continuation or Recurrence of Dumping*

The domestic interested parties argue that revocation of the Order would likely result in the continuation of dumping in the United States. Specifically, domestic interested parties contend that, since the imposition of the Order in 2008, PRC exporters of the subject merchandise, with one exception, have ceased to participate in administrative reviews and PRC-wide entity respondents have continued dumping subject merchandise at above de minimis rates.²⁹ Domestic interested parties also point to a drop in import volume during the year that the Order was imposed. According to the domestic interested parties, import volumes would have been much greater had there been no antidumping duties in place.³⁰

²⁴ See SAA at 890; see also Persulfates from the People’s Republic of China: Notice of Final Results of Expedited Second Sunset Review of Antidumping Duty Order, 73 FR 11868 (March 5, 2008) and accompanying Issues and Decision Memorandum at Comment 2.

²⁵ See Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Duty Proceedings; Final Modification, 77 FR 8101, 8103 (February 14, 2012) (“Final Modification for Reviews”).

²⁶ Id.

²⁷ Id.

²⁸ See also, e.g., Folding Gift Boxes from the People’s Republic of China: Final Results of the Expedited Sunset Review of the Antidumping Duty Order, 72 FR 16765 (April 5, 2007) and accompanying Issues and Decision Memorandum at Comment 1.

²⁹ See Substantive Response, at 8-9.

³⁰ Id., at 10-11.

Department’s Position: As explained in the Legal Framework section above, when determining whether revocation of the order would be likely to lead to continuation or recurrence of dumping, sections 752(c)(1)(A) and (B) of the Act instruct the Department to consider: (1) the weighted-average dumping margins determined in the investigation and subsequent reviews; and (2) the volume of imports of the subject merchandise for the period before and after the issuance of the antidumping duty order. According to the SAA, “{d}eclining import volumes accompanied by the continued existence of dumping margins after the issuance of an order may provide a strong indication that, absent an order, dumping would be likely to continue, because the evidence would indicate that the exporter needs to dump to sell at pre-order volumes.”³¹ We find that revocation of the Order would likely result in the continuation of dumping in the United States due to the continued existence of dumping margins and a significant decline in import volume since the issuance of the Order.

In analyzing whether dumping would be likely to continue or recur if the Order were revoked, we examined the extent of dumping during the five-year sunset period of 2008-2013. In the Amended Final, the Department calculated dumping margins indicated above.³²

Further, as noted above, dumping margins above de minimis remain in effect for exports of steel wire garment hangers from the PRC.³³ According to the SAA, “{i}f companies continue to dump with the discipline of an order in place, it is reasonable to assume that dumping would continue if the discipline were removed.”³⁴ In addition, the Department normally will determine that revocation of an order is likely to lead to continuation or recurrence of dumping where (a) dumping continued at any level above de minimis after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of an order and import volumes for the subject merchandise declined significantly.³⁵

Moreover, the domestic interested parties provided import volume data from the Department from 2005 to 2012 showing imports of steel wire garment hangers from the PRC declined for the period following imposition of the Order.³⁶ Specifically, according to the import data, U.S. imports of steel wire garment hangers following the issuance of the Order (i.e., 2009) was 733,870,626 pieces, which is significantly lower than the 2,697,369,183 pieces import volume in

³¹ See SAA, at 889.

³² We note that the above calculated dumping margins were not affected by zeroing. The Department initiated the LTFV investigation of steel wire garment hangers from the PRC on September 17, 2007. See Steel Wire Garment Hangers from the People’s Republic of China: Initiation of Antidumping Duty Investigation, 72 FR 52855 (September 17, 2007) (“LTFV Initiation”). The Department announced that its modification to the calculation of weighted-average dumping margins in antidumping duty investigations applied in investigations as of February 22, 2007. See Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin During an Antidumping Investigation; Final Modification, 71 FR 77722 (December 27, 2006) (“Final Modification 2006”); Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margins in Antidumping Investigations; Change in Effective Date of Final Modification, 72 FR 3783 (January 26, 2007) (“Final Modification 2007”).

³³ See First AR, 76 FR 27997; Second AR, 77 FR 19192; and Third AR, 78 FR 28804.

³⁴ See SAA, at 890.

³⁵ See, e.g., Certain Small Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from Argentina, Brazil and Germany: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders, 71 FR 59079 (October 6, 2006) and accompanying Issues and Decision Memorandum at Issue 1.

³⁶ See Substantive Response, at 10.

the year preceding issuance of the Order (i.e., 2007).³⁷ After dramatic declines in the two years following the Order, the volume of steel wire garment hanger imports from the PRC has increased in 2011 and 2012. However, the volume remains less than half of the level of the year preceding the Order.³⁸ Accordingly, we find that import volumes for the subject merchandise declined after imposition of the Order and, thus, it “is reasonable to assume that exporters could not sell in the United States without dumping and that, to reenter the U.S. market, they would have to resume dumping.”³⁹

Because above de minimis dumping margins applied to post-order entries of subject merchandise, and the Department found that import volumes of subject merchandise declined after imposition of the Order, we find that dumping would be likely to continue or recur if the antidumping duty orders were revoked.

2. *Magnitude of the Margin of Dumping Likely to Prevail*

Domestic interested parties contend that the Department should consider selecting the rate from the original investigation for each of the subject producers as the dumping margin likely to prevail upon revocation. For companies not individually investigated in the original investigation and for companies that did not begin shipping until after the order was issued, the Department should select a margin based on the “all other” rate from the original investigation.⁴⁰

Department’s Position: Normally, the Department will provide to the ITC the company-specific, weighted-average antidumping duty margin from the investigation for each company.⁴¹ The Department’s preference for selecting a rate from the investigation is based on the fact that it is the only calculated rate that reflects the behavior of exporters without the discipline of an order or suspension agreement in place.⁴² For companies not investigated individually, or for companies that did not begin shipping until after the order was issued, the Department will normally provide a rate based on the “All-Others” rate from the investigation.⁴³ However, for the PRC, which the Department considers to be a non-market economy under section 771(18) of the Act, the Department does not have an “All-Others” rate. Thus, in non-market economy cases, instead of an “All-Others” rate, the Department uses an established country-wide rate, which it applies to all imports from exporters that have not established their eligibility for a separate rate.⁴⁴

³⁷ Id.; see also Attachment.

³⁸ See Attachment.

³⁹ See, e.g., SAA at 889-90.

⁴⁰ See Substantive Response, at 11-14.

⁴¹ See Eveready Battery Co., Inc. v. United States, 77 F. Supp. 2d 1327, 1333 (CIT 1999).

⁴² Id.; see also SAA at 890.

⁴³ See Certain Hot-Rolled Carbon Steel Flat Products from Argentina, the People’s Republic of China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine: Final Results of Expedited Sunset Reviews of the Antidumping Duty Orders, 71 FR 70506 (December 5, 2006) and accompanying Issues and Decision Memorandum at Comment 2.

⁴⁴ See Bristol Metals L.P. v. United States, 703 F. Supp. 2d 1370, 1378 (CIT 2010) (citation omitted); see also Amanda Foods (Vietnam) Ltd. v. United States, 647 F. Supp. 2d 1368, 1379 (CIT 2009) (citation omitted).

The Department has determined that the weighted-average antidumping duty margins established in the Amended Final represent the magnitude of the margins of dumping most likely to prevail if the Order were revoked. These margins were not affected by the denial of offsets in accordance with the Final Modification for Reviews.⁴⁵ Specifically, the rates of the two mandatory respondents, Shanghai Wells and the Shaoxing Metal Companies⁴⁶ were calculated without zeroing because the Amended Final occurred after the Department ceased zeroing in investigations.⁴⁷ Furthermore, the final dumping margin for the PRC-wide entity was based on the simple average of: 1) the weighted-average of the calculated rates of the two mandatory respondents, and 2) a simple average of petition rates based on U.S. prices and normal values within the range of the U.S. prices and normal values calculated for those mandatory respondents. This methodology did not involve the denial of offsets.⁴⁸ Accordingly, we find it appropriate to provide the ITC with the final determination rates from the Amended Final because these rates best reflect the behavior of exporters without the discipline of an order in place. As a result, we will report to the ITC the margins of dumping likely to prevail listed in the “Final Results of Review” section below.

Final Results of Review

We determine that revocation of the Order on steel wire garment hangers from the PRC would likely lead to continuation or recurrence of dumping and that the magnitudes of the margins of dumping likely to prevail are as follows:

Exporter	Weighted-Average Deposit Rate (Percent)
Shanghai Wells Hanger Co., Ltd.	15.83
Shaoxing Metal Companies	94.78
Jiangyin Hongji Metal Products Co., Ltd	55.31
Shaoxing Meideli Metal Hanger Co., Ltd.	55.31
Shaoxing Dingli Metal Clotheshorse Co., Ltd.	55.31
Shaoxing Liangbao Metal Manufactured Co. Ltd.	55.31
Shaoxing Zhongbao Metal Manufactured Co. Ltd.	55.31
Shangyu Baoxiang Metal Manufactured Co. Ltd.	55.31
Zhejiang Lucky Cloud Hanger Co., Ltd.	55.31
Pu Jiang County Command Metal Products Co., Ltd.	55.31
Shaoxing Shunji Metal Clotheshorse Co., Ltd.	55.31
Ningbo Dasheng Hanger Ind. Co., Ltd.	55.31
Jiaxing Boyi Medical Device Co., Ltd.	55.31

⁴⁵ See Final Modification for Reviews, 77 FR at 8103.

⁴⁶ Shaoxing Gangyuan Metal Manufactured Co., Ltd., Shaoxing Andrew Metal Manufactured Co., Ltd., and Shaoxing Tongzhou Metal Manufactured Co., Ltd. (collectively, the “Shaoxing Metal Companies”).

⁴⁷ The Department initiated the LTFV investigation of steel wire garment hangers from the PRC on September 17, 2007. See LTFV Initiation. The Department announced that its modification to the calculation of weighted-average dumping margins in antidumping duty investigations applied in investigations as of February 22, 2007. See Final Modification 2006; Final Modification 2007.

⁴⁸ See Final Modification for Reviews, 77 FR at 8103; see also Investigation Final, 73 FR 47591.

Attachment

Imports of Steel Wire Garment Hangers from the PRC
HTS 7324.20.0020

Year	Quantity of Hangers
2005	1,044,700,856
2006	1,777,679,847
2007	2,697,369,183
2008	2,069,184,583
2009	733,870,626
2010	220,000,704
2011	588,917,073
2012	941,677,567