

# Presidential Documents

Title 3—

Memorandum of April 25, 2003

The President

## Presidential Determination on Wire Hanger Imports from the People's Republic of China

### Memorandum for the Secretary of Commerce, the Secretary of Labor, and the United States Trade Representative

Pursuant to section 421 of the Trade Act of 1974, as amended (19 U.S.C. 2451), I have determined the action I will take with respect to the affirmative determination of the United States International Trade Commission (USITC Investigation TA-421-2) regarding imports of certain steel wire garment hangers from China. After considering all relevant aspects of the investigation, I have determined that providing import relief for the U.S. wire hanger industry is not in the national economic interest of the United States. In particular, I find that import relief would have an adverse impact on the United States economy clearly greater than the benefits of such action.

The facts of this case indicate that imposing additional tariffs on Chinese imports would affect domestic producers unevenly, favoring one business strategy over another. While most of the producers would likely realize some income benefits, additional tariffs would disrupt the long-term adjustment strategy of one major producer, which is based in part on distribution of imported hangers, and cause that producer to incur substantial costs.

In addition, most domestic producers, including the petitioners, have begun to pursue adjustment strategies. While these strategies have included consolidation, modernization of production facilities, and expansion into complementary products and services, domestic producers are also expanding their use of imports. Indeed, a substantial part of the surge in imports during the most recent period measured was brought in by domestic producers themselves, including the petitioners.

Moreover, after 6 years of competing with Chinese imports, domestic producers still account for over 85 percent of the U.S. wire hanger market. With this dominant share of the market, domestic producers have the opportunity to adjust to competition from Chinese imports even without import relief.

Furthermore, there is a strong possibility that if additional tariffs on Chinese wire hangers were imposed, production would simply shift to third countries, which could not be subject to section 421's China-specific restrictions. In that event, import relief would have little or no benefit for any domestic producer.

Additional tariffs would have an uneven impact on domestic distributors of wire hangers. For some distributors, the tariffs would likely lead to some income benefits. However, the tariffs would likely harm other distributors in light of their business models.

Additional tariffs would also likely have a negative effect on the thousands of small, family-owned dry-cleaning businesses across the United States that would either have to absorb the resulting increased costs or pass them on to their customers.

The circumstances of this case make clear that the U.S. national economic interest would not be served by the imposition of import relief under section 421. I remain fully committed to exercising the important authority granted