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Memorandum on Wire Hanger Imports From the People's Republic of China

April 25, 2003

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

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

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 to me under section 421 when the circumstances of a particular case warrant it.

Section 421 is not the only avenue available to the petitioning domestic producers as they seek to adjust to import competition. I hereby direct the Secretary of Commerce and the Secretary of Labor to expedite consideration of any Trade Adjustment Assistance applications received from domestic hanger producers or their workers and to provide such other requested assistance or relief as they deem appropriate, consistent with their statutory mandates.

The United States Trade Representative is authorized and directed to publish this memorandum in the *Federal Register.*

George W. Bush

[Filed with the Office of the Federal Register, 10:55 a.m., April 28, 2003]

NOTE: This memorandum was published in the *Federal Register* on April 29. This item was not

received in time for publication in the appropriate issue.

The President's Radio Address

April 26, 2003

Good morning. As America continues to fight and win the war on terror, our Government is also focused on another national priority, growing our economy and creating jobs.

America's economy has been through a lot. We experienced the shock of a terrorist attack. We have endured a recession. We had to deal with some major corporate scandals. We faced the uncertainty of war, and we have seen a slowdown in the global economy, which weakens demand for American goods and services. In spite of all of this, the American economy is growing and growing faster than most of the industrialized world.

There are great strengths in this economy. Lower interest rates have helped more Americans buy their own homes. Gas and other energy prices are coming down, and consumers are getting the savings immediately. Inflation is low, and America's families are seeing their incomes on the rise. The entrepreneurial spirit is healthy in America, as small-business men and women put their ideas and dreams into action every day. And America's greatest economic strength is the pride, the skill, and the productivity of American workers.

Yet, we know that America's economy is not meeting its full potential. We know our economy can grow faster and create new jobs at a faster rate. We also know that the right policies in Washington can unleash the great strengths of this economy and create the conditions for growth and prosperity.

On Monday, Members of Congress return from recess, and they will face some important decisions on the future of our economy. I have proposed a series of specific measures to create jobs by removing obstacles to economic growth. My jobs-and-growth plan would reduce tax rates for everyone who pays income tax, provide relief for families and small businesses, and help millions of seniors in retirement by eliminating the double taxation of dividends.

With a robust package of at least $550 billion in across-the-board tax relief, we will help create more than a million new jobs by the end of 2004. Some Members of Congress support tax relief but say my proposal is too big. Since they already agree that tax relief creates jobs, it doesn't make sense to provide less tax relief and, therefore, create fewer jobs. I believe we should enact more tax relief so that we can create more jobs and more Americans can find work and provide for their families.

Americans understand the need for action. This week in Ohio, I met Mike Kovach, whose business is in Youngstown, Ohio. Mike started and runs a growing company, wants to hire new people, and would benefit from lower taxes. Mike says, "Anytime you can improve the bottom line of Main Street business, it's good for the city; it's good for the State; and it's great for the Nation. It all trickles up, instead of trickling down."

I urge Congress to listen to the common sense of people like Mike Kovach. He and tens of millions of Americans like him need our help in building the prosperity of our country. Tax relief is good for families and good for our entire economy. The jobs-and-growth plan I have proposed is fair; it is responsible; it is urgent. And Congress should pass it in full.

Thank you for listening.

NOTE: The address was recorded at 11:53 a.m. on April 25 in the Cabinet Room at the White House for broadcast at 10:06 a.m. on April 26. The transcript was made available by the Office of the Press Secretary on April 25 but was embargoed for release until the broadcast. The Office of the Press Secretary also released a Spanish language transcript of this address.

Remarks on Operation Iraqi Freedom in Dearborn, Michigan

April 28, 2003

The President. Thank you for that warm welcome. I'm glad to be here. I regret that I wasn't here a few weeks ago when the statue came down. I understand you had quite a party. I don't blame you. A lot of the people in the Detroit area had waited years for that great day.