

June 2, 2006

Re: Anticircumvention Inquiry on Later-Developed Merchandise: Petroleum Wax Candles from the People's Republic of China ("PRC")

To All Interested Parties:

On May 23, 2006, the Department of Commerce ("the Department") issued its preliminary determination of circumvention of the antidumping duty order on petroleum wax candles from the PRC in which, the Department preliminarily found that certain mixed wax candles² are later-developed products of petroleum wax candles, within the meaning of section 781(d) of the Act. See Later-Developed Merchandise Anticircumvention Inquiry of the Antidumping Duty Order on Petroleum Wax Candles from the People's Republic of China: Affirmative Preliminary Determination of Circumvention of the Antidumping Duty Order, 71 FR 32033 (June 2, 2006) ("Preliminary Determination"). In addition, the Department found that, although mixed-wax candles are later-developed products within the meaning of section 781(d) of the Tariff Act of 1930, as amended ("the Act"), several questions regarding the analysis remained. Accordingly, we are requesting that interested parties provide comments and supporting evidence for consideration in making the Department's final determination.

Specifically, the Department requests that you answer the following questions and provide supporting documentation:

- (1) Please identify the specific technological advancements, if any, that allowed for the commercial sale of mixed-wax candles after the less-than-fair-value ("LTFV") investigation.
- (2) Please explain in detail the difference between the hydrogenation process discussed in the patents issued to Wilhem Pungs, in 1930, and Howard C. Will, in 1934, respectively, and the hydrogenation processes discussed in the more recent patents. Please provide documentation to support your answer.
- (3) Please state whether candle production methods described in patents dating prior to the LTFV investigation were ever used for commercial production and sale in the United States of mixed-wax candles, which must be in the wax proportion subject to this inquiry.

¹ The period of review ("POR") is a hypothetical period required by, and used only for, internal document tracking purposes to differentiate this anticircumvention proceeding from the pending minor alterations anticircumvention proceeding.

² Mixed wax candles are candles composed of petroleum wax and over fifty percent or more palm and/or vegetable oil-based waxes.

- (4) Please provide marketing materials, (i.e., product catalogues, brochures, product initiations, articles, etc.), that identify when mixed-wax candles, in specific wax proportions, were available for sale in the market.
- (5) Please demonstrate a direct link between patents awarded before and after the LTFV investigation and the actual commercial sale of mixed-wax candles. Specifically, please provide evidence that shows the claims or specific candle-making method, such as hydrogenation process, discussed within the patents were used to produce a mixed-wax candle that was sold in the market.
- (6) Please provide a comprehensive history showing the technological developments regarding mixed-wax candles. Specifically, please identify the exact technological developments necessary to successfully produce the various types of mixed-wax candles that have been available for commercial sale since the LTFV investigation.
- (7) Please separately provide your company's total annual sales of mixed-wax candles that you produced and sold during the period of 1985 through 2005. See Attachment I. Please be sure to provide this sales data by specific wax breakdowns, (i.e., 51% palm wax with 49% petroleum wax, etc.).
- (8) Please identify the highest concentration of palm and/or other vegetable oil-based waxes that may be mixed with petroleum wax and still produce a candle that is solid and free-standing. Please provide evidence, (i.e., purchase orders, sales contracts, orders of confirmation, long-term contracts, pro-forma invoices, etc.), of the commercial sale of this type of mixed-wax candle.
- (9) Please state whether there are specific types of mixed-wax candles, with a level greater than 87.80 percent of non-petroleum wax being mixed with petroleum wax, that are in development but currently not available for commercial sale in the market. Specifically, please state with supporting evidence, (i.e., journals, articles, scientific reports, progress reports and other publications or documents), whether the industry is currently undertaking technological research to develop these specific types of mixed-wax candles.
- (10) Please state, and provide supporting evidence to document, whether these mixed-wax candles are of the same class or kind of merchandise as petroleum wax candles.
- (11) Please explain the extent to which the concentration of palm or vegetable oil-based wax has any effect on the physical properties of the specific type of mixed-wax candle. Specifically, please explain with supporting evidence whether the increasing proportions of palm and/or other vegetable oil-based wax results in a mixed-wax candle with physical characteristics distinct from a petroleum wax candle.
- (12) Please state, and provide supporting evidence to document, whether most consumers are aware of the wax content of the candles they purchase, or that they prefer one specific wax composition in a candle to another.
- (13) Please explain whether specific types of mixed-wax candles, in varying proportions, provide a health benefit to the ultimate purchaser. Specifically, please provide independent scientific evidence regarding the health benefits of various types of mixed-wax candles vs. petroleum wax candles.

- (14) Please state, and provide supporting evidence to document, whether there are specific types of mixed-wax candles that are used in specific applications for which petroleum wax candles are not used.
- (15) Please state, and provide supporting evidence to document, whether there is a link between the advertising of mixed-wax candles as being beneficial for the consumer's health and the ultimate use of mixed-wax candles.
- (16) Please state, and provide supporting evidence to document, whether specific types of mixed-wax candles are sold in different channels of trade than petroleum wax candles. Additionally, please explain whether there are channels of trade that differentiate between the types of candles for sale based on their wax content or any "environmental" or "health" benefit.
- (17) Please state, and provide supporting evidence to document, whether types of mixed-wax candles, in specific wax proportions, are advertised and displayed differently than petroleum wax candles.

Your response to this letter is due no later than **COB, Friday, June 23, 2006**. Please note that Department may be unable to extend this deadline if it is to issue a final determination by **August 31, 2006**.

Although the Department has already received comments and rebuttal comments from interested parties, we are inviting interested parties to submit additional comments. All interested parties may submit case and rebuttal briefs, which must be limited to information on the record. Case briefs are due no later than **COB, Friday, July 7, 2006**. Rebuttal briefs, limited to issues raised in the case briefs, are due no later than **COB, Wednesday, July 19, 2006**. New information submitted with your case or rebuttal briefs that was not previously on the record may be rejected.

If you have any further questions or need assistance in this matter, please contact Alex Villanueva or Julia Hancock, respectively at (202) 482-3208 or (202) 482-1394.

Sincerely,

Edward C. Yang
Senior Enforcement Coordinator, China/NME Unit
Import Administration

Attachment

ATTACHMENT I

Quantity and Value of Sales

1. Please complete the chart below.
2. Values should be expressed in U.S. dollars.

Indicate any exchange rates used and their respective dates and sources. To the extent possible, all sales values should be reported based on the same terms (i.e., FOB). Please list the quantity reported in kilograms (KG).

3. Average unit value (AUV) should be expressed in U.S. dollars per KG.

FORMAT FOR REPORTING QUANTITY AND VALUE OF SALES

- A. All types of mixed-wax candles produced and sold by your company from 1985 through 2005.³

	1985					(continue for 1986-2005)
	Quantity	Unit of Measure	Value	Terms of Sale	AUV	
a. Candles composed of 51% palm or veg. wax & 49% petroleum wax						
b. Candles composed of 52% palm or veg. wax & 48% petroleum wax						
c. Candles composed of 53% palm or veg. wax & 47% petroleum wax						
d. Candles composed of 54% palm or veg. wax & 46% petroleum wax						
Please continue for types of mixed-wax candles in different wax proportions						
Total						

³ Please note that the Department considers candles composed of paraffin wax to be petroleum wax candles, which are subject merchandise. The Department determined in a scope ruling that a granular petroleum wax kit containing paraffin wax was within the scope of the antidumping duty order on petroleum wax candles from the PRC. The Department found that petroleum wax candles include candles composed of paraffin wax because the Encyclopedia Britannica indicated that petroleum wax is any wax obtained from petroleum to include paraffin wax. See Final Affirmative Scope Ruling—Antidumping Duty Order on Petroleum Wax Candles from the People’s Republic of China, (A-570-504); Polardreams Intl. Inc., (May 6, 1998).