

September 17, 2008

By Certified Mail Notification

To All Interested Parties:

On August 20, 2008, the Department of Commerce (the “Department”) received a request from Sourcing International, LLC (“Sourcing International”) for a scope ruling to determine whether ten of their candles are covered by the scope of the antidumping duty order on petroleum wax candles from the People’s Republic of China (“PRC”): See <http://ia.ita.doc.gov/download/candles-prc-scope/index.html> under “2008 – Sourcing International, LLC - Sample Images.”

In accordance with 19 CFR 351.225(k)(1), the Department has determined that Sourcing International’s novelty candles are outside the scope of the antidumping duty order on petroleum wax candles from the PRC.

Enclosed is a memorandum containing the Department’s analysis. We will notify U.S. Customs and Border Protection of this decision. If you have any questions, please contact Alexis Polovina at (202) 482-3927.

Sincerely,

Alex Villanueva  
Program Manager, Office IX  
Import Administration

Enclosure

September 17, 2008

MEMORANDUM FOR: Stephen J. Claeys  
Deputy Assistant Secretary  
Import Administration

FROM: James C. Doyle  
Director, Office 9  
Import Administration

SUBJECT: Final Scope Ruling: Antidumping Duty Order on Petroleum Wax  
Candles From the People's Republic of China ("PRC")

### **SUMMARY**

On August 20, 2008, the Department of Commerce ("the Department") received a request from Sourcing International, LLC ("Sourcing International") for a scope ruling to determine whether ten of their candles are outside the scope of the antidumping duty order on petroleum wax candles from the People's Republic of China ("PRC"): See Antidumping Duty Order: Petroleum Wax Candles from the People's Republic of China, 51 FR 30686 (August 28, 1986) ("Order"). In accordance with 19 CFR 351.225(k)(1), we recommend that the Department find that Sourcing International's candles are excluded from the scope of the Order.<sup>1</sup>

### **Background**

On August 20, 2008, the Department received a scope inquiry letter from Sourcing International requesting a scope ruling on ten candles. The Petitioner, The National Candle Association ("NCA") did not submit comments regarding Sourcing International's scope request.

### **Sourcing International's Scope Request**

Sourcing International submitted pictures and physical samples of the candles for which it is requesting a scope ruling.<sup>2</sup> Sourcing International explains that the candles are made from 100 percent petroleum wax and feature a 100 percent cotton wick. Sourcing International contends

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<sup>1</sup> The Department has developed an internet website that allows interested parties to access prior scope determinations regarding the Order. This website lists all scope determinations from 1991 to the present. It can be accessed at <http://ia.ita.doc.gov/download/candles-prc-scope/index.html>, and will be updated periodically to include newly issued scope determinations.

<sup>2</sup> See Sourcing International's Scope Inquiry, (August 20, 2008).

that each candle is three dimensional, easily recognizable from every angle, and sold predominantly as home décor. Sourcing International also states that the candles are assembled piece by piece, hand finished and air-brushed to give depth, definition, and color. Finally, Sourcing International notes that all candles are classified under the HTSUS (Harmonized Tariff Schedule for the United States) Number, 3406.00.0000.

As discussed more fully below, Sourcing International argues that each of its candles is an identifiable object and therefore, should not be included in the scope of the Order.

1. Yellow Bouquet - (item number HM66022Y):

Sourcing International argues that its flower bouquet in a yellow bowl should not be included within the scope of the Order because the candle is shaped in the form of an identifiable object: a yellow bowl containing a bouquet of three flowers surrounded by green leaves. Sourcing International claims that the candle is manufactured to look as though the bowl were hand carved with imperfections. Inside, there are three flowers with yellow petals and orange petals in the center. Sourcing International claims that the veins on the leaf attest to the quality of the craftsmanship, which can even be seen from the bottom view. Moreover, Sourcing International argues that the 1 ¼ inch overhang of the leaves make it recognizable from various angles including the bottom.

2. Two Red Floating Lilies - (item number HM12009R):

Sourcing International argues that its set of floating lily candles should not be included within the scope of the Order because the candles are shaped in the form of identifiable objects: two red lilies. Sourcing International describes each petal as having veins and wilted edges to give it an aged look. Sourcing International claims that even when viewing from the bottom, each separate leaf indicates to the viewer that the candle is a lily.

3. Set of Three Flower Pots - (item numbers HM9604-APU, HM9604-AR, HM9604-A4-R):

Sourcing International argues that its set of flower pot candles should not be included within the scope of the Order because these candles are shaped in the form of identifiable objects: three flower pots, each containing a daisy. The flowers are detailed with leaves hanging over the pots. The set is made up of a red, yellow, and blue flower. Sourcing International claims that these candles are recognizable from all angles, and when viewing from the bottom, one can see the pot with the leaves hanging over.

4. Pink Blossoming Rose - (item number HM9866):

Sourcing International argues that its floating blossoming rose candle should not be included within the scope of the Order because the candle is shaped in the form of an identifiable object:

a single blossoming pink rose. Sourcing International notes that the candle measures 4 inches in length, 4 inches in width, and 2 inches in height. Sourcing International states that each carved jagged petal demonstrates the detailed craftsmanship. Sourcing International claims that when viewed from the bottom, the viewer sees the original bud and is identifiable from all angles.

5. Circular Pink Gift Box with Pink Flower - (item number HM65548LP):

Sourcing International argues that its pink rose sitting on top of a circular gift box candle should not be included within the scope of the Order because the candle is shaped in the form of an identifiable object: a pink rose on top of a circular gift box. Sourcing International indicates the rose is surrounded by oak and elm leaves and pink ribbon, which is identifiable from the top and side views. Moreover, Sourcing International argues that from the bottom of the candle, the pink ribbon overhang can be seen.

6. Green Gift Box with Yellow Flower - (item number HM6550W):

Sourcing International argues that its yellow flower sitting on top of a green gift box candle should not be included within the scope of the Order because the candle is shaped in the form of an identifiable object: a flower on top of a green gift box with yellow ribbon running down all four sides of the box. Sourcing International describes the candle as having a flower with yellow and white petals surrounded by oak and elm leaves. Sourcing International further argues that the candle is easily identifiable from multiple angles. Also, Sourcing International claims that when viewing from the bottom, the overhang from the bow can be seen making the candle identifiable and therefore, an exception to the Order.

7. Pink Mum Flower in a Flower Pot - (item number HM9601-AL-R):

Sourcing International argues that its pink mum flower in a flower pot candle should not be included within the scope of the Order because the candle is shaped in the form of identifiable object: a flower pot containing a pink mum flower. Sourcing International describes the candle as having intricate petals with green leaves growing out of the pot. Sourcing International claims that these candles are recognizable from the top and sides, and when viewing from the bottom, one can see the pot with the green leaves hanging over.

8. Yellow Mum Flower in a Flower Pot - (item number HM9601-ALY-R):

Sourcing International argues that its yellow mum flower in a flower pot candle should not be included within the scope of the Order because the candle is shaped in the form of identifiable object: a flower pot containing a yellow mum flower. Sourcing International describes the candle as having intricate petals with green leaves growing out of the pot. Sourcing International claims that these candles are recognizable from the top and sides, and when viewing from the bottom, one can see the pot with the green leaves hanging over.

## **Legal Framework**

The regulations governing the Department's antidumping scope determinations are found at 19 CFR 351.225. On matters concerning the scope of an antidumping duty order, the Department first examines the descriptions of the merchandise contained in the petition, the initial investigation and the determinations of the Secretary (including prior scope determinations) and the U.S. International Trade Commission ("ITC"). This determination may take place with or without a formal inquiry. If the Department determines that these descriptions are dispositive of the matter, the Department will issue a final scope ruling as to whether or not the subject merchandise is covered by the Order. See 19 CFR 351.225(k)(1).

Conversely, where the descriptions of the merchandise are not dispositive, the Department will consider the five additional factors set forth at 19 CFR 351.225(k)(2). These criteria are: (1) the physical characteristics of the merchandise; (2) the expectations of the ultimate purchasers; (3) the ultimate use of the product; (4) the channels of trade in which the product is sold; and (5) the manner in which the product is advertised and displayed. The determination as to which analytical framework is most appropriate in any given scope inquiry is made on a case-by-case basis after consideration of all evidence before the Department.

In this instant case, the Department has evaluated Sourcing International's request in accordance with 19 CFR 351.225(k)(1) and finds that the descriptions of the products contained in the petition, the initial investigation, and the determinations of the Secretary (including prior scope determinations) and the ITC are dispositive with respect to Sourcing International's ten candle series. Therefore, for these candles, the Department finds it unnecessary to consider the additional factors set forth at 19 CFR 351.225(k)(2).

Documents and parts thereof from the underlying investigation that the Department deemed relevant to this scope ruling were made part of the record of this determination and are referenced herein. Documents that neither the Department nor the parties placed on the record do not constitute part of the administrative record for this scope determination.

In its petition of September 4, 1985, the NCA requested that the investigation cover:

{c}andles {which} are made from petroleum wax and contain fiber or paper-cored wicks. They are sold in the following shapes: tapers, spirals, and straight-sided dinner candles; rounds, columns, pillars; votives; and various wax-filled containers. These candles may be scented or unscented ... and are generally used by retail consumers in the home or yard for decorative or lighting purposes.

See Antidumping Petition (September 4, 1985), at 7.

The Department defined the scope of the investigation in its notice of initiation. This scope language carried forward without change through the preliminary and final determinations of sales at less than fair value and the eventual antidumping duty order:

{c}ertain scented or unscented petroleum wax candles made from petroleum wax and having fiber or paper-cored wicks. They are sold in the following shapes: tapers, spirals, and straight-sided dinner candles; rounds, columns, pillars, votives; and various wax-filled containers.

See Petroleum Wax Candles from the People’s Republic of China: Initiation of Antidumping Duty Investigation, 50 FR 39743 (September 30, 1985); Petroleum Wax Candles from the People’s Republic of China: Preliminary Determination of Sales at Less Than Fair Value, 51 FR 6016 (February 19, 1986); Petroleum Wax Candles from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value, 51 FR 25085 (July 10, 1986) (“Final Determination”); and Order.

The ITC adopted a similar definition of the “like product” subject to its determinations, noting that the investigations did not include “birthday, birthday numeral and figurine type candles.” See Candles from the People’s Republic of China: Determination of the Commission in Investigation No. 731-TA-282 (Final), Publication 1888 (August 1986) (“ITC Determination”), at 4, note 5, and A-2.

Also of relevance to the present scope inquiry are the Department’s instructions to the U.S. Customs Service (now renamed U.S. Customs and Border Protection (“CBP”)) (see Letter from the Director, Office of Compliance, to Burditt, Bowles & Radzius, Ltd., July 13, 1987) (“CBP Notice”) issued in connection with a July 1987 scope determination concerning an exception from the Order for novelty candles, that states:

The Department of Commerce has determined that certain novelty candles, such as Christmas novelty candles, are not within the scope of the antidumping duty order on petroleum-wax candles from the People’s Republic of China (PRC). Christmas novelty candles are candles specially designed for use only in connection with the Christmas holiday season. This use is clearly indicated by Christmas scenes and symbols depicted in the candle design. Other novelty candles not within the scope of the order include candles having scenes or symbols of other occasions (e.g., religious holidays or special events) depicted in their designs, figurine candles, and candles shaped in the form of identifiable objects (e.g., animals or numerals).

See CBP Notice (emphasis added).

In November 2001, the Department changed its practice on the issue of candle shapes. See Final Scope Ruling – Antidumping Duty Order on Petroleum Wax Candles From the People’s Republic of China (A-570-504); J.C. Penney (November 9, 2001) (“J.C. Penney Ruling”). In this ruling, the Department reviewed the text of the scope of the Order, beginning with the text of the first sentence of the scope which covers “{c}ertain scented or unscented petroleum wax candles made from petroleum wax and having fiber or paper-cored wicks.” See Order. The text following this broad inclusive sentence provides a list of shapes; this list is not modified by any express words of exclusivity. The result of our prior practice of not including within the scope of

the Order candles of a shape other than those specifically listed in the Order was inconsistent with the fact that the candles were “scented or unscented petroleum wax candles made from petroleum wax and having fiber or paper-cored wicks.”<sup>3</sup> In the J.C. Penney Ruling, the Department determined to revise this practice because it had the effect of narrowing the broad coverage of the first sentence of the Order’s scope. The list of shapes in the second sentence of the Order’s scope does not provide a textual basis for such a narrowing of the coverage of the first sentence of the Order’s scope. Accordingly, to give full effect to the first sentence of the inclusive language of the scope, the Department now will normally evaluate whether candles of a shape not listed by the inclusive language of the Order’s scope are scented or unscented petroleum wax candles made from petroleum wax and having fiber or paper-cored wicks.

This approach of evaluating such candles in light of the entire text of the Order’s scope is in keeping with the opinion of the Court of International Trade (“CIT”), noting that a better approach in scope rulings is to avoid subjective issues of intent and, instead, look to the petition’s language to determine whether the class or kind of merchandise at issue was expressly included. Duferco Steel, Inc. v. United States, 146 F. Supp. 2d 913 (May 29, 2001) (“Duferco Steel”). Such an approach is a departure from past CIT precedent that required the Department to give ample deference to the petitioner’s intent when examining a petition’s description of the subject merchandise. See, e.g., Torrington Co. v. United States, 995 F. Supp. 117, 121 (CIT 1998).

Although the specific scope decision in Duferco Steel has been overturned by the United States Court of Appeals of the Federal Circuit (“CAFC”) in Duferco Steel, Inc. v. United States, 296 F.3d 1087 (Fed. Cir. 2002) (“Duferco Steel II”), we do not believe that the CAFC’s decision undermines the Department’s decision in the J.C. Penney Ruling. The plain language of the Order clearly states “{c}ertain scented or unscented petroleum wax candles made from petroleum wax and having fiber or paper-cored wicks . . . sold in the following shapes: tapers, spirals, and straight-sided dinner candles; rounds, columns, pillars, votives; and various wax-filled containers” are included within the scope of the Order. Thus, the Order offers a descriptive list of the shapes of candles included within the Order, but, as the courts have recognized, there is no requirement that every single product covered must be identified in the scope. More specifically, the CAFC has stated that “the petitions that led to the issuance of the order did not need to specifically identify the {product} in order to cover {it}; our precedent, to say nothing of the regulations, makes clear that neither a petition nor an antidumping or countervailing duty order requires that level of specificity.”<sup>4</sup> The CAFC further stated “{a}s a matter of law, a petition need not list the entire universe of products . . . in order {for the petition} to cover those

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<sup>3</sup> See, e.g., Final Scope Ruling - Antidumping Duty Order on Petroleum Wax Candles From the People’s Republic of China (A-570-504); Endar Corp. (January 11, 2000) (“Endar”) (the Department found a “dragonfly” candle, in the shape of a rough-hewn stone with a dragonfly carved on top, to not be within scope because it is of a shape not listed by the scope), and Final Scope Ruling – Antidumping Duty Order on Petroleum Wax Candles From the People’s Republic of China (A-570-504); American Drug Stores, Inc. (March 16, 1998) (the Department found a sphere or ball-shaped candle to not be within scope because it is a shape not listed by the scope).

<sup>4</sup> Novosteel SA v. United States, 284 F.3d 1261, 1264 (Fed. Cir. 2002).

products.”<sup>5</sup> Thus, as applied to this Order, there is no requirement, nor is it possible, for all the shapes of candles to be listed.<sup>6</sup> In fact, if the list were exhaustive, there would have been no need for the Department to determine whether any other candle that was not explicitly listed as a shape in the scope of the Order. However, the Department did render the novelty candle exception that offered a narrowly construed exception, leaving all other petroleum wax candles from the PRC covered by the Order.

If the Department determines that the candle is made from petroleum wax and has a fiber or paper-cored wick, but the candle possesses characteristics set out in the CBP Notice, it will not fall within the scope of the Order. In order for a candle to qualify for the novelty candle exception, the characteristic which is claimed to render it a novelty candle (i.e., the shape of an identifiable object or a holiday-specific design) should be easily recognizable in order for the candle to merit not being included within the scope of the Order. Specifically, among other determining factors, the Department will examine whether the characteristic is identifiable from most angles and whether or not it is minimally decorative, e.g., small and/or singularly placed on the candle. If the identifiable object or holiday-specific design is not identifiable from most angles, or if the design or characteristic is minimally decorative, the Department may determine that the candle is included within the scope of the Order. See J.C. Penney Corp. Ruling; Final Scope Ruling – Antidumping Duty Order on Petroleum Wax Candles From the People’s Republic of China (A-570-504); San Francisco Candle Co. (Feb. 12, 2001) (“SFCC”); and Endar. If a candle does not possess the characteristics set out in the July 1987 novelty candle exception, and it is a scented or unscented candle having fiber or paper-cored wick, the Department will determine that the candle is within the scope of the Order.

## Analysis

We find that Sourcing International’s ten candles are in the shape of identifiable objects from multiple angles, and are not within the Order pursuant to CBP Notice. See chart below.

Pursuant to the Department’s change in practice, as described in the J.C. Penney Ruling, if a candle is not in a shape specifically listed in the scope of the Order, it will not automatically be excluded from the scope of the Order. Instead, the Department will normally evaluate whether the candle is a scented or unscented petroleum wax candle made from petroleum wax and having a fiber or paper-cored wick. Sourcing International’s candles are petroleum wax candles with what appears to be a fiber or paper-cored cotton wick.<sup>7</sup> Therefore, we must evaluate whether the

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<sup>5</sup> Id.

<sup>6</sup> See Petroleum Wax Candles from China, USITC Pub. No. 3226 Investigation No. 731-TA-282 (Review) (August 1999) (“USITC Pub. No. 3226”), at 18 (“Candles come in a wide variety of shapes and sizes. Major U.S. candle manufacturers reportedly will offer 1,000 to 2,000 varieties of candles in their product lines.”).

<sup>7</sup> On October 6, 2006, the Department published its final determination of circumvention of the antidumping duty order on petroleum wax candles from the PRC. The Department determined that mixed-wax candles composed of petroleum wax and more than 50 percent or more palm and/or other vegetable oil-based waxes (“mixed-wax candles”) are later-developed products of petroleum wax candles. In addition, the Department determined that mixed-wax candles containing any amount of petroleum are covered by the scope of the antidumping duty order on petroleum wax candles from the PRC. See Later-Developed



characteristics of these candles would exclude them from the scope of the Order pursuant to the novelty candle exception detailed in the Customs Notice and our interpretation set forth in J.C. Penney Ruling. In analyzing Sourcing International's ten candles, we first examined whether they had a shape that was specifically enumerated in the scope of the Order (i.e., tapers, spirals, straight-sided dinner candles, rounds columns, pillars, or votives). We find that these candles do not have a shape which was specifically enumerated in the scope of the Order. Moreover, viewed from multiple angles, each of these shapes in all ten candles are identifiable objects. Accordingly, these candles meet the definition of an identifiable object pursuant to the CBP Notice and, therefore, should not be included within the Order. See chart below.

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Merchandise Anticircumvention Inquiry of the Antidumping Duty Order on Petroleum Wax Candles from the People's Republic of China: Affirmative Final Determination of Circumvention of the Antidumping Duty Order, 71 FR 59075 (October 6, 2006).

<b><u>Candle Name</u></b>	<b><u>Analysis</u></b>	<b><u>DOC Position</u></b>
<b>Yellow Bouquet</b>	This product consists of a candle shaped like a yellow bowl containing three yellow flowers with orange centers. In addition, green leaves hang over the bowl. Because of this candle's shape, a yellow bowl with green leaves encircling three yellow and orange flowers, this candle is recognizable from multiple angles.	Identifiable
<b>Two Red Floating Lilies</b>	This product consists of two candles shaped like lilies. Each red lily has intricately shaped petals with jagged edges. Because of the shape of these candles, the leaf structure and color, these candles are easily recognizable from multiple angles.	Identifiable
<b>Set of Three Flower Pots</b>	This product consists of a set of three candles each with a daisy in a single flower pot. Each flower pot is distinctly separate from the other. Additionally, elaborate vein structures are carved on each leaf and can be seen from the base and sides of the flower pot. Because of the shape of these candles, leaf structure, color, and distinction, these candles are all recognizable from multiple angles.	Identifiable
<b>Pink Blossoming Rose</b>	This product consists of a candle shaped like a pink blossoming rose with many petals. Each light pink petal has intricate jags and a darker pink center. Because of this candle's shape, petal design and edges, this candle is easily recognized from multiple angles.	Identifiable
<b>Circular Pink Gift Box with Pink Flower</b>	This product consists of a candle shaped like pink rose with green leaves and pink gift ribbon, sitting on a circular pink gift box. Each petal is separate from the other and the leaves and ribbon overlap the edges of the circular box. Because of this candle's shape, leaf structure, color, and distinction, this candle is recognizable from multiple angles.	Identifiable
<b>Green Gift Box with Yellow Flower</b>	This product consists of a flower with light orange/yellow and white petals with green leaves and yellow gift ribbon, sitting on top of a green gift box. The petals and leaves are all intricately carved. The leaves and ribbon hang over the edges of the box. Because of this candle's shape, leaf structure, color and distinction, this candle is recognizable from multiple angles.	Identifiable
<b>Pink Mum Flower in a Flower Pot</b>	This product consists of a candle with a pink mum in a flower pot. There are large green leaves coming out from under the flower. The flower has many elaborately shaped small pink petals. The leaves have visible veins on each leaf and can be seen from the base and sides of the flower pot. Because of this candle's shape, leaf structure, color, and distinction, this candle is recognizable from multiple angles.	Identifiable

<b>Yellow Mum Flower in a Flower Pot</b>	This product consists of a candle with a yellow mum in a flower pot. There are large green leaves coming out from under the flower. The flower has many elaborately shaped small yellow petals. The leaves have visible veins on each leaf and can be seen from the base and sides of the flower pot. Because of this candle's shape, leaf structure, color, and distinction, this candle is recognizable from multiple angles.	Identifiable
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**Recommendation**

Based on the preceding analysis, we recommend that the Department find that Sourcing International’s novelty candles fall outside the scope of the Order. If you agree, we will send the attached letter to the interested parties, and will notify Customs and Border Patrol of our determination.

\_\_\_\_\_ Agree

\_\_\_\_\_ Disagree

\_\_\_\_\_  
Stephen J. Claeys  
Deputy Assistant Secretary  
Import Administration

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Date