

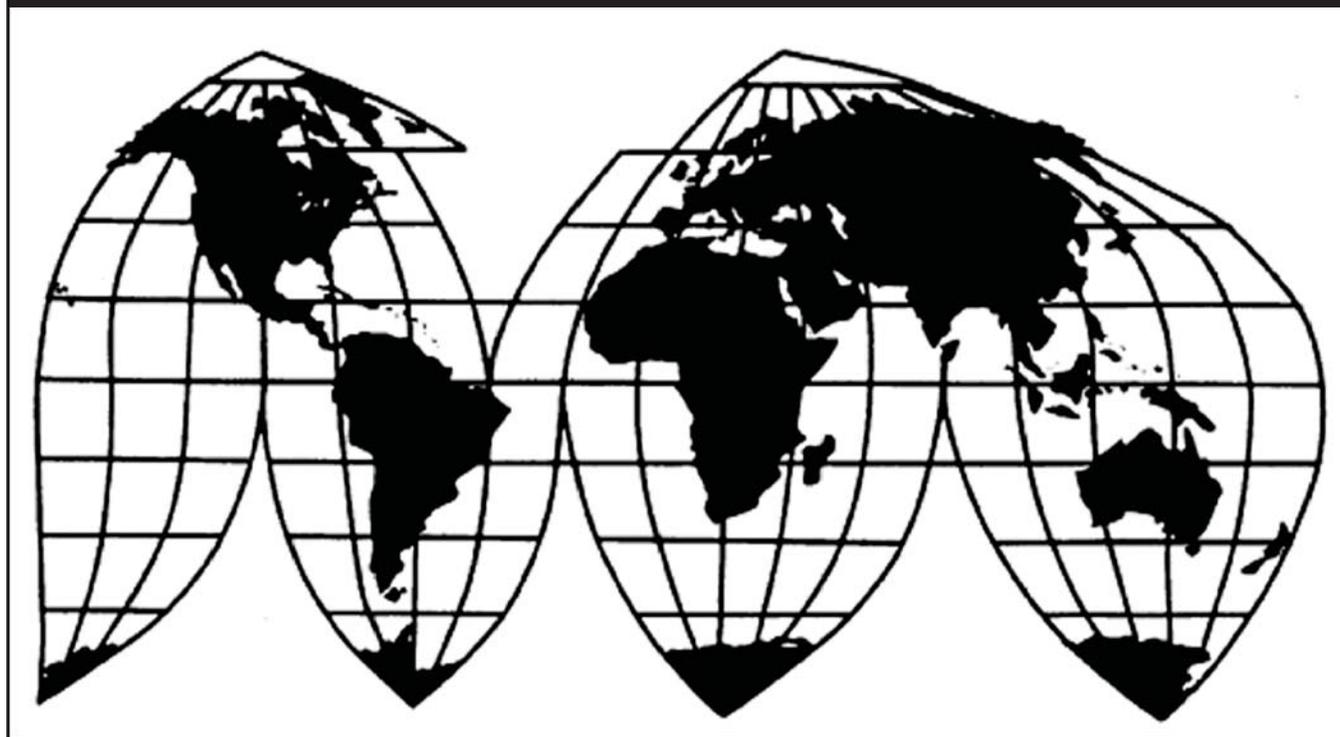
Petroleum Wax Candles from China

Investigation No. 731-TA-282 (Fourth Review)

Publication 4610

May 2016

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-282 (Fourth Review)

Petroleum Wax Candles from China

DETERMINATION

On the basis of the record¹ developed in the subject five-year review, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930, that revocation of the antidumping duty order on petroleum wax candles from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), instituted this review on December 1, 2015 (80 F.R. 75130) and determined on March 7, 2016 that it would conduct an expedited review (81 F.R. 15122, March 21, 2016).

¹ The record is defined in sec. 207.2(f) of the Commission’s Rules of Practice and Procedure (19 CFR § 207.2(f)).

Views of the Commission

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping duty order on petroleum wax candles (“candles”) from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. Background

The Original Investigation and Prior Reviews. In August 1986, the Commission determined that an industry in the United States was materially injured by reason of imports of candles from China that were sold at less than fair value.¹ The U.S. Department of Commerce (“Commerce”) issued an antidumping duty order on candles from China on August 28, 1986.²

On January 4, 1999, the Commission instituted its first five-year review of the antidumping duty order on candles from China.³ The Commission conducted an expedited review and in August 1999 determined that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.⁴

On August 2, 2004, the Commission instituted its second five-year review of the antidumping duty order on candles from China and subsequently determined to conduct a full review.⁵ In July 2005, the Commission determined that revocation of the antidumping duty order on candles from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.⁶

¹ *Petroleum Wax Candles from the People’s Republic of China*, Inv. No. 731-TA-282 (Final), USITC Pub. 1888 (Aug. 1986) (“Original Determination, USITC Pub. 1888”).

² 51 Fed. Reg. 30686 (Aug. 28, 1986).

³ 64 Fed. Reg. 365 (Jan. 4, 1999).

⁴ *Petroleum Wax Candles from China*, Inv. No. 731-TA-282 (Review), USITC Pub. 3226 (Aug. 1999) (“First Five-Year Review, USITC Pub. 3226”).

⁵ 69 Fed. Reg. 46182 (Aug. 2, 2004). On November 5, 2004, the Commission determined that the domestic interested party group response was adequate, and that the respondent interested party group response was inadequate, and that other circumstances warranted conducting a full review. 69 Fed. Reg. 68175 (Nov. 23, 2004). The Commission explained that, despite an inadequate respondent interested party response, a full review was warranted in light of numerous scope rulings Commerce had issued since imposition of the order in 1986. *Explanation of Commission Determination on Adequacy*, EDIS Doc. 218057 (Nov. 12, 2004).

⁶ *Petroleum Wax Candles from the People’s Republic of China*, Inv. No. 731-TA-282 (Second Review), USITC Pub. 3790 (July 2005) (“Second Five-Year Review, USITC Pub. 3790”).

On July 1, 2010, the Commission instituted its third five-year review of the antidumping duty order.⁷ The Commission conducted an expedited review and in December 2010 determined that revocation of the antidumping duty order on candles from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.⁸

The Current Review. The Commission instituted this fourth five-year review on December 1, 2015.⁹ The Commission received a single response to its notice of institution, filed by the National Candle Association (“NCA”), a trade association representing 35 domestic producers of candles.¹⁰ No respondent interested party filed a response. On March 7, 2016, the Commission found that the domestic interested party group response was adequate and that the respondent interested party group response was inadequate.¹¹ In the absence of other circumstances warranting a full review, the Commission unanimously determined to conduct this expedited review.¹²

Data/Response Coverage. U.S. industry data for this review are based on the information that the NCA provided in response to the notice of institution and information from the third five-year review.¹³ The NCA accounted for *** percent of U.S. candle production during 2014.¹⁴ No U.S. importer participated in this review, and U.S. import data and related information are based on official import statistics.¹⁵ No foreign producer or exporter of candles participated in this review; foreign industry data and related information for the period of review are based on private market research that the NCA furnished.¹⁶

II. Domestic Like Product and Industry

A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”¹⁷ The Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and

⁷ 75 Fed. Reg. 38121 (July 1, 2010).

⁸ *Petroleum Wax Candles from China*, Inv. No. 731-TA-282 (Third Review), USITC Pub. 4207 (Dec. 2010) (“Third Five-Year Review, USITC Pub. 4207”).

⁹ 80 Fed. Reg. 75130 (Dec. 1, 2015).

¹⁰ Confidential Report, INV-OO-014, EDIS Doc. 574871 (Feb. 22, 2016) (“CR”) at I-2, Public Report (“PR”) at I-2.

¹¹ Explanation of Commission Determination on Adequacy, EDIS Doc. 576224 (Mar. 14, 2016).

¹² 81 Fed. Reg. 15122 (Mar. 21, 2016).

¹³ CR/PR at Table I-4.

¹⁴ CR/PR at Table I-1.

¹⁵ CR/PR at Table I-3.

¹⁶ CR at I-24, PR at I-17-18.

¹⁷ 19 U.S.C. § 1677(4)(A).

uses with, the article subject to an investigation under this subtitle.”¹⁸ The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.¹⁹

Commerce has defined the imported merchandise within the scope of the order under review as follows:

. . . certain 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. The products were originally classifiable under the Tariff Schedules of the United States item 755.25, Candles and Tapers. The products are currently classifiable under the Harmonized Tariff Schedule (“HTS”) item number 3406.00.00.²⁰

A candle is made of solid, fusible, combustible waxes or fatty substances surrounding and saturating a combustible wick. Candles are used to produce light, heat, or scent or for celebratory or ritual purposes. As a candle burns, its flame is fed by a supply of melted wax that flows up the wick as a result of capillary action.²¹

Two broad categories of wax are used for commercial purposes: natural and synthetic. The bulk of candle manufacturing utilizes various combinations of natural waxes, principally paraffins, microcrystallines, stearic acid, and beeswax. Wax selection for candle making takes into consideration a number of wax characteristics, such as melting point, viscosity, and burning power. Typically, U.S. manufacturers will use higher melt-point waxes (130-160°F) for tapers, columns, and votives and lower melt-point, or slack, waxes for wax-filled containers. In the original determination, the Commission stated that petroleum wax candles may contain other waxes in varying amounts, depending on the size and shape of the candle, to enhance the melt point, viscosity, and burning power.²²

¹⁸ 19 U.S.C. § 1677(10); see, e.g., *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991); see also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

¹⁹ See, e.g., *Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

²⁰ 81 Fed. Reg. 17665 (Mar. 30, 2016).

²¹ CR at I-4-5, PR at I-4.

²² CR at I-5, PR at I-4.

In the original investigation, the Commission considered whether candles made of materials other than petroleum wax, principally beeswax, should be considered a part of the domestic like product. The Commission defined petroleum wax candles as those composed of more than 50 percent petroleum wax and defined beeswax candles as those composed of more than 50 percent beeswax.²³ Comparing beeswax and petroleum wax candles, the Commission defined the like product as consisting “only of petroleum wax candles.”²⁴

In the first five-year review, the Commission found that none of the additional information collected in the review warranted a departure from its original definition of the domestic like product, and no party objected to that definition. Consequently, the Commission defined the domestic like product as petroleum wax candles.²⁵

In the second five-year review, the Commission reexamined its prior finding to determine whether to include all blended candles within the domestic like product, regardless of the proportions of petroleum and vegetable wax.²⁶ The Commission concluded that, with the exception of price, the evidence in the record regarding each like product factor favored the inclusion of all blended wax candles in the domestic like product.²⁷ It stated that the evidence did not reflect a clear dividing line between blended wax candles with more than 50 percent petroleum wax content and those with 50 percent or less petroleum wax content, but rather that these different types fell within a continuum. Accordingly, the Commission defined the

²³ Original Determination, USITC Pub. 1888 at 4-5.

²⁴ Original Determination, USITC Pub. 1888 at 9. In reaching this conclusion, the Commission found that beeswax candles had different physical characteristics and uses (religious purposes), were sold mainly through different channels (principally in religious and specialty markets), were priced considerably higher, and were produced only in small quantities by major domestic producers of petroleum wax candles. *Id.* at 5. Further, the Commission found that beeswax candles are not interchangeable with petroleum wax candles because of a threefold difference in the cost of production and because beeswax and petroleum wax candles were not perceived as competitive products by candle producers. *Id.* at 5-6, 6 n.11.

²⁵ First Five-Year Review, USITC Pub. 3226 at 5.

²⁶ Second Five-Year Review, USITC Pub. 3790 at 7. The Commission defined “blended candles” for the purposes of its analysis as candles containing any blend of petroleum and vegetable wax. The Commission found that there was no commercial production in the United States (or elsewhere) of blended candles at the time of its original determination in 1986. Beginning in the late 1990s, however, some U.S. candle-makers began commercial production of blended candles, and such production continued over the period of the second review. Blended candles were not raised as an issue at the time of the expedited first five-year review. *Id.*

²⁷ Second Five-Year Review, USITC Pub. 3790 at 9. The Commission determined, applying its six-factor like product analysis, that petroleum and vegetable wax candles (1) had similar physical characteristics in appearance, odor, and feel; (2) were used for the same purposes; (3) shared common manufacturing facilities, processes, and employees; (4) were perceived to be completely interchangeable; and (5) were sold through the same channels of distribution and were advertised and displayed in the same manner. With respect to price, the Commission found that the cost of vegetable wax was higher than the cost of petroleum wax and that this differential was reflected in prices for the candles produced from different blends of these waxes during the period of review. *Id.*

domestic like product as “candles with fiber or paper-cored wicks and containing any amount of petroleum wax, except for candles containing more than 50 percent beeswax.”²⁸

In the third five-year review, no new information suggested that any change in the like product definition from the second review was warranted, and the domestic interested parties agreed with that definition.²⁹ Consequently, the Commission defined the domestic like product as “candles with fiber or paper-cored wicks and containing any amount of petroleum wax, except for candles containing more than 50 percent beeswax.”³⁰

There is no new information in the record indicating that the characteristics of the products at issue have changed since the third five-year review.³¹ The NCA states that it agrees with the domestic like product definition the Commission adopted in the last review.³² Accordingly, we again define the domestic like product as candles with fiber or paper-cored wicks and containing any amount of petroleum wax, except for candles containing more than 50 percent beeswax.

B. Domestic Industry

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”³³ In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In its original determination and the first five-year review, the Commission defined the domestic industry as all domestic producers of petroleum wax candles.³⁴ In the second and third five-year reviews, the Commission defined the domestic industry as “all domestic producers of candles with fiber or paper-core wicks and containing any amount of petroleum wax, except for candles containing more than 50 percent beeswax,” consistent with the revised domestic like product definition.³⁵

²⁸ Second Five-Year Review, USITC Pub. 3790 at 9.

²⁹ Third Five-Year Review, USITC Pub. 4207 at 7.

³⁰ Third Five-Year Review, USITC Pub. 4207 at 7.

³¹ See generally CR at I-4-10, PR at I-3-6.

³² The National Candle Association’s Substantive Response to the Notice of Institution (Dec. 30, 2015) (“Response”) at 42.

³³ 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

³⁴ Original Determination, USITC Pub. 1888; First Five-Year Review, USITC Pub. 3226.

³⁵ Second Five-Year Review, USITC Pub. 3790 at 9; Third Five-Year Review, USITC Pub. 4207 at 7. In the second five-year review, the Commission found that *** U.S. producers imported subject candles from China, but did not find that appropriate circumstances existed to exclude any U.S. producer as a related party. *Confidential View (Second Review)*, EDIS Doc. 573292 (Aug. 1, 2005) at 12-17.

There are no related party or other domestic industry issues in this review.³⁶ The NCA states that it agrees with the Commission’s domestic industry definition in the third five-year review.³⁷ We therefore define the domestic industry as consisting of all U.S. producers of the domestic like product.

III. Revocation of the Antidumping Duty Order Would Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”³⁸ The Uruguay Round Agreements Act Statement of Administrative Action (“SAA”) states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”³⁹ Thus, the likelihood standard is prospective in nature.⁴⁰ The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.⁴¹

³⁶ See CR at I-16-17, PR at I-11-12.

³⁷ Response at 42.

³⁸ 19 U.S.C. § 1675a(a).

³⁹ SAA, H.R. Rep. 103-316, vol. I at 883-84 (1994). The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” *Id.* at 883.

⁴⁰ While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

⁴¹ See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (Continued...)

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”⁴² According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”⁴³

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”⁴⁴ It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).⁴⁵ The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination.⁴⁶

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.⁴⁷ In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than

(...Continued)

(2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

⁴² 19 U.S.C. § 1675a(a)(5).

⁴³ SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

⁴⁴ 19 U.S.C. § 1675a(a)(1).

⁴⁵ 19 U.S.C. § 1675a(a)(1). Commerce has made no duty absorption findings. See *Issues and Decision Memorandum for the Expedited Sunset Review of the Antidumping Duty Order on Certain Petroleum Wax Candles from the People’s Republic of China*, A-570-504, ACCESS No. 3451834-01, Department of Commerce (Mar. 17, 2016).

⁴⁶ 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

⁴⁷ 19 U.S.C. § 1675a(a)(2).

the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.⁴⁸

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.⁴⁹

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.⁵⁰ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order under review and whether the industry is vulnerable to material injury upon revocation.⁵¹

No respondent interested party participated in this expedited review. The record, therefore, contains limited new information with respect to the candles industry in China. There also is limited information on the candles market in the United States during the period of review. Accordingly, for our determination, we rely as appropriate on the facts available from the original investigation, the three prior reviews, and the limited new information on the record in this fourth five-year review.

⁴⁸ 19 U.S.C. § 1675a(a)(2)(A-D).

⁴⁹ See 19 U.S.C. § 1675a(a)(3). The SAA states that “{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

⁵⁰ 19 U.S.C. § 1675a(a)(4).

⁵¹ The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁵² The following conditions of competition inform our determinations.

1. The Original Investigation and Prior Reviews

Demand for candles grew substantially between the original investigation and the first review, with the domestic industry, subject imports, and nonsubject imports sharing in the growth.⁵³ The Commission attributed this increase to the greater use of candles for non-traditional purposes, such as aromatherapy, scenting, and home decoration.⁵⁴ In the second five-year review, the Commission observed that demand remained relatively flat, due to a saturation of the market for nontraditional purposes.⁵⁵ In the third five-year review, the Commission observed that the recession caused a marked decline in U.S. demand for candles as a result of weak home sales in 2008 and 2009.⁵⁶ It also found that sales of candles continued to be affected by seasonal purchases and by competition from other air fresheners.⁵⁷ In each prior proceeding, the Commission found that department and specialty stores, as well as merchandisers, were the principal outlets for candle sales.⁵⁸

Domestic producers supplied the majority of apparent U.S. consumption in the original investigation and the first five-year review and the largest share (compared to subject and nonsubject imports) of apparent U.S. consumption in the second five-year review.⁵⁹ In the third five-year review, domestic producers were the second largest source of supply after nonsubject imports, with subject imports supplying only a small share of the market.⁶⁰ Subject imports remained in the market in all the prior reviews.⁶¹ In each of the prior proceedings, a few large

⁵² 19 U.S.C. § 1675a(a)(4).

⁵³ First Five-Year Review, USITC Pub. 3226 at 8; Second Five-Year Review, USITC Pub. 3790 at 15.

⁵⁴ First Five-Year Review, USITC Pub. 3226 at 8; Second Five-Year Review, USITC Pub. 3790 at 15.

⁵⁵ Second Five-Year Review, USITC Pub. 3790 at 15. The Commission observed that demand had a seasonal component, increasing at the end of the year during the holiday season, and that candles in different shapes, colors, and scents may be preferred in different market segments. *Id.* at 14.

⁵⁶ Third Five-Year Review, USITC Pub. 4207 at 11. The Commission observed that a major incentive for purchases of candles is the sale of new and existing homes because candles are often part of homeowners’ efforts to decorate living spaces.

⁵⁷ Third Five-Year Review, USITC Pub. 4207 at 11.

⁵⁸ Original Determination Staff Report, INV-J-131, EDIS Doc. 573284 (Aug. 8, 1986) at A-17, A-41; First Five-Year Review, USITC Pub. 3226 at 9; Second Five-Year Review, USITC Pub. 3790 at 15-16; Third Five-Year Review, USITC Pub. 4207 at 11.

⁵⁹ CR/PR at Table I-5.

⁶⁰ CR/PR at Table I-5.

⁶¹ CR/PR at Table I-5.

and many small domestic producers supplied the market.⁶² The number of producers doubled in both the first and second five-year reviews, increasing from 100 in the original investigation to 400 in the second five-year review; there was, however, some contraction among large producers since the original investigation.⁶³

The Commission found that the domestic like product and subject imports were frequently interchangeable in the second review and highly interchangeable in the third review.⁶⁴ In each of the prior proceedings, the Commission found that price was an important factor in purchasing decisions.⁶⁵ In the third review, it observed that the price of paraffin wax, the principal raw material used to produce candles, doubled from 2004 to 2009.⁶⁶

2. The Current Review

Demand Conditions. Despite increasing over the period of review, demand for candles has not fully recovered since the recession that began in late 2008.⁶⁷ Apparent U.S. consumption was *** pounds in 2014, roughly the same level as in 2009, but still below a peak level of 730 million pounds in 2004.⁶⁸ The record indicates that the majority of sales in the U.S. market continue to be to large discount retailers in the high volume mass merchandiser market.⁶⁹

Supply Conditions. Domestic producers' share of apparent U.S. consumption was *** percent in 2014, lower than in the original investigation or in any prior review, while subject imports accounted for *** percent of apparent U.S. consumption.⁷⁰ The NCA argues that the order has been effective in restricting imports from China, but it also observes that nonsubject imports, particularly those from Vietnam, have increased.⁷¹ Nonsubject imports accounted for *** percent of apparent U.S. consumption in 2014.⁷² Since 2009, *** U.S. candle producers have gone out of business, while only *** new producers have begun operation.⁷³ No purchaser responding to the questionnaire in the adequacy phase identified changes in

⁶² Original Determination, USITC Pub. 1888 at 14.

⁶³ See First Five-Year Review, USITC Pub. 3226 at 9; Second Five-Year Review, USITC Pub. 3790 at 15.

⁶⁴ Second Five-Year Review, USITC Pub. 3790 at 21; Third Five-Year Review, USITC Pub. 4207 at 16.

⁶⁵ Original Determination, USIC Pub. 1888 at A-70; First Five-Year Review, USITC Pub. 3226 at

⁶⁶ Third Five-Year Review, USITC Pub. 4207 at 11.

⁶⁷ Response at 35-36.

⁶⁸ CR/PR at Table I-5.

⁶⁹ Final Comments of the National Candle Association (Apr. 1, 2016) at 13-14.

⁷⁰ CR/PR at Table I-5.

⁷¹ Response at 36.

⁷² CR/PR at Table I-5.

⁷³ Response at 28 and n.72.

technology or production methods that affected the availability of candles or changes in the ability to increase production of candles since 2011.⁷⁴

Substitutability and Other Considerations. The information in the current record indicates that subject imports and the domestic like product continue to be highly interchangeable and that they compete in the U.S. market on the basis of price.⁷⁵ Available information also indicates that raw material costs have increased since 2010, with costs increasing for both the primary raw material, paraffin wax, and for other direct inputs.⁷⁶

C. Likely Volume of Subject Imports

The Original Investigation and Prior Reviews. In the original investigation, the Commission found that the increase in subject imports from China was significant.⁷⁷ Subject import volume increased by over 75 percent, and the value of these imports nearly doubled from 1983 to 1985. The Commission also found that subject imports' share of total candle imports increased by more than 10 percentage points in 1985.⁷⁸

In the first five-year review, the Commission found that subject import volume was likely to be significant if the antidumping duty order were revoked.⁷⁹ The Commission found that China was the largest exporter of candles to the United States and that it had the ability and incentive to establish a significant presence in the U.S. market.⁸⁰ Although subject imports declined in 1986 after the antidumping duty order was issued, China was the fastest growing candle exporter to the United States in the 1990s. The Commission observed that this rapid increase took place even with antidumping duty deposit rates of 54.21 percent in place, concluding that the increase would have been greater absent the order. Although the record contained no aggregate data regarding the Chinese industry, the Commission stated that the substantial increase in subject imports and candle exports from China to other countries indicated that Chinese producers had increased their production capacity since the original investigation. It found that Chinese producers already had manufacturing capacity and channels of distribution in place, along with an abundant source of labor and raw materials to expand candle production and increase exports to the U.S. market were the order to be revoked. Additionally, Chinese producers had the ability to shift from production of out-of-scope candles to subject candles upon revocation. Finally, the Commission found that Mexico's imposition in 1993 of an antidumping duty order on candles from China with duties of 103

⁷⁴ CR at D-3; PR at D-3. One producer, however, observed that ***. *Id.*

⁷⁵ See Response at 16.

⁷⁶ Response at 38. The information available indicates that since 2010, the price of paraffin wax has increased 9 percent, despite a recent sharp decline in the price of crude oil. The costs of other inputs such as fragrance, stearic acid, polyethelene, corrugated cartons, and chipboard inner boxes have also increased. *Id.* at 39.

⁷⁷ Original Determination, USITC Pub. 1888 at 17.

⁷⁸ Original Determination, USITC Pub. 1888 at 14-15.

⁷⁹ First Five-Year Review, USITC Pub. 3226 at 12.

⁸⁰ First Five-Year Review, USITC Pub. 3226 at 11-12.

percent would create an incentive for Chinese producers to ship more candles into the United States if the order were revoked.⁸¹

In the second five-year review, the Commission again found that subject import volume was likely to be significant. It explained that China continued to be the largest single source of candle imports into the United States and that the United States continued to be the world's largest market for candle exports from China even with the order in place. Additionally, the large volumes of Chinese exports to other markets would provide an additional source of subject imports if the order were revoked. The growing exports of Chinese candles to the United States and to other countries further indicated that the expansion of Chinese production found in the original investigation and the first five-year review was continuing.⁸²

The Commission also found that total candle exports from China were at record levels during the period of review, while unit values of candle imports from China to the United States were generally declining despite the existence of the antidumping duty order.⁸³ In addition, the Commission observed that increases in market share and volume during the period of review may have been attributable to a shift by importers from subject petroleum wax candles (more than 50 percent petroleum wax) to out-of-scope Chinese vegetable wax candles (blended, with less than 50 percent petroleum wax content).⁸⁴ Chinese producers had significantly increased their exports of blended candles to the United States following the imposition of the antidumping duty order on petroleum wax candles. The Commission concluded that the Chinese producers would likely shift production for the U.S. export market from out-of-scope vegetable wax candles to subject candles if the order were revoked.⁸⁵ Finally, the Commission found that barriers to the importation of Chinese candles in other markets would create an incentive for subject producers to ship additional candles to the United States upon revocation.⁸⁶

In the third five-year review, the Commission again determined that subject import volume was likely to be significant if the antidumping duty order were revoked.⁸⁷ It found that candle producers in China had the ability to increase rapidly their existing capacity and production.⁸⁸ According to the Commission, the candle industry in China remained highly export oriented and the United States was an attractive market because of its size.⁸⁹ The

⁸¹ First Five-Year Review, USITC Pub. 3226 at 11.

⁸² Second Five-Year Review, USITC Pub. 3790 at 18.

⁸³ Second Five-Year Review, USITC Pub. 3790 at 18-19.

⁸⁴ Second Five-Year Review, USITC Pub. 3790 at 19.

⁸⁵ Second Five-Year Review, USITC Pub. 3790 at 19.

⁸⁶ Second Five-Year Review, USITC Pub. 3790 at 20.

⁸⁷ Third Five-Year Review, USITC Pub. 4207 at 14.

⁸⁸ Third Five-Year Review, USITC Pub. 4207 at 14. The Commission based this finding on several factors, including increased production capacity in China since 1985, access to established domestic channels of distribution, excess candle making capacity in China, and the large and growing production capacity for paraffin wax in China. *Id.*

⁸⁹ Third Five-Year Review, USITC Pub. 4270 at 14.

Commission also observed that the industry in China faced barriers to entry in other markets, particularly the European Union and Mexico.⁹⁰

The Current Review. Subject import volume peaked in 2004 at 208 million pounds.⁹¹ Since then, subject imports have remained in the U.S. market, albeit at much lower quantities.⁹² Between 2010 and 2014, subject import volume ranged from a low of 13.5 million pounds in 2013 to a high of 18.2 million pounds in 2011.⁹³

Due to the expedited nature of this review, the record contains limited information on the industry in China. The information available in the current review indicates that the candle industry in China has substantial capacity and excess capacity to produce candles. The NCA asserts that subject producers' capacity increased from *** short tons to *** short tons from 2010 to 2014.⁹⁴ The capacity utilization rate of the candle industry in China was 66.7 percent in 2014; the roughly 276 million pounds of unused capacity exceeded the peak level of U.S. imports from China.⁹⁵ Moreover, the information available indicates that the candle industry in China is the world's largest and that it continues to increase capacity to manufacture candles and their related inputs.⁹⁶ Consequently, Chinese candle producers will likely have the ability to increase shipments to the United States should the order be revoked.

The record indicates that the Chinese candle industry is significantly export oriented.⁹⁷ China is the world's second largest exporter of candles; Chinese producers accounted for approximately 20.3 percent of global exports of candles in 2014.⁹⁸ As observed above, Chinese producers have continued to be present in the U.S. market since the imposition of the order and therefore have existing distribution networks in the United States.⁹⁹ Since the Commission's third review, Mexico terminated its antidumping duty order on candles from China in 2011 and the European Union terminated its antidumping duty order on candles from China in 2015.¹⁰⁰ There are currently no barriers to subject candles in third country markets.¹⁰¹

⁹⁰ Third Five-Year Review, USITC Pub. 4270 at 14.

⁹¹ CR/PR at Table I-4.

⁹² CR/PR at Tables I-3-4.

⁹³ CR/PR at Table I-3.

⁹⁴ Response at 7, Attachment L1 at 40.

⁹⁵ Response at 8.

⁹⁶ Response at 7-8. The NCA estimates that capacity in China to produce candles will increase by 217 million pounds between 2015 and 2020. The NCA further contends that Chinese producers have excess capacity to produce paraffin wax and observes that Chinese producers are the largest suppliers of paraffin wax to the U.S. market. *Id.* at 7.

⁹⁷ Response at 7-8. According to the NCA, the government of China has targeted the candle sector for growth and increased the export rebate for candles from 13 to 17 percent. *Id.*

⁹⁸ CR/PR at Table I-6.

⁹⁹ See Response at 7.

¹⁰⁰ See Response at 11-12. In explaining its determination to terminate the antidumping duty order on candles from China, the European Union cited the attractiveness of the U.S. market for Chinese candles as an incentive for Chinese candle producers to ship to the U.S. market. *Id.*

¹⁰¹ See Response at 11-12.

The information available indicates that Chinese producers have an incentive to increase exports to the U.S. market upon revocation in light of their growing capacity, current excess capacity, export orientation, and historic interest in the U.S. market.¹⁰² Upon revocation, producers in China would likely use established channels of distribution to export additional quantities of subject merchandise to the United States.¹⁰³ We consequently find that upon revocation, the volume of subject imports would likely be significant.

D. Likely Price Effects

The Original Investigation and Prior Reviews. In the original investigation, the Commission found that candles from China were consistently priced lower than the domestic like product with large margins of underselling for all candle varieties. Additionally, there was evidence of price suppression or depression for various types of candles in sales to mass merchandisers, the marketing channel most affected by the subject imports. The Commission found that the greater margins of underselling by subject imports to department and specialty stores suggested that the domestic like product was priced more competitively in mass merchandising outlets as a result of a greater market penetration by the subject imports in those outlets.¹⁰⁴

In the first five-year review, the Commission found that the limited price information in the record indicated that subject imports from China would likely undersell the domestic like product and have significant price effects, as they did before the imposition of the order, if the order were revoked.¹⁰⁵ Noting the importance of price in purchasing decisions, the Commission found that Chinese candle producers would likely have an incentive to undersell the domestic producers in order to regain market share. As in the original determination, the Commission found that price effects were likely to be the most pronounced in the mass merchandise portion of the market, where high volumes and intense competition among retailers made it likely that purchasers would switch suppliers readily based on relatively small changes in price.¹⁰⁶

In the second five-year review, the Commission again found that price remained a very important factor in purchasing decisions and that purchasers, particularly high-volume mass merchandisers, were likely to switch suppliers based on small differences in price. Mass merchandisers continued to be the principal outlet for candle sales during the period of review and an increasing percentage of subject imports were sold in the mass merchandise market.¹⁰⁷

¹⁰² Response at 9. The NCA contends that production in China exceeded demand in the Chinese home market by 61.3 percent in 2014. *Id.*

¹⁰³ Because producers and importers of subject merchandise did not participate in this review, the record does not contain data addressing existing inventories of subject merchandise or the potential for product shifting.

¹⁰⁴ Original Determination, USITC Pub. 1888 at 16-17.

¹⁰⁵ First Five-Year Review, USITC Pub. 3226 at 13.

¹⁰⁶ First Five-Year Review, USITC Pub. 3226 at 13-14.

¹⁰⁷ Second Five-Year Review, USITC Pub. 3790 at 21.

The Commission found that the limited pricing data available in the second five-year review confirmed that the mass merchandiser market was particularly price sensitive, as reflected in the price declines in the domestically produced products sold to this market segment. Other information in the record indicated that subject imports were priced lower than the domestic like product even with the order in place and that subject imports competed aggressively in the U.S. market by underselling the domestic like product.¹⁰⁸ Moreover, the Commission observed that out-of-scope blended Chinese candles competed directly in the United States with subject merchandise during the period of review. The Commission determined that these low-priced blended candles would likely be replaced by low-priced subject imports in the event of revocation. The Commission concluded that revocation of the antidumping duty order would be likely to lead to significant price effects, including significant underselling of the domestic like product by the subject imports, as well as significant price depression or suppression, in the reasonably foreseeable future.¹⁰⁹

In the third five-year review there were no new pricing comparisons.¹¹⁰ The Commission again found that price was an important factor in purchasing decisions, particularly in the mass merchandiser portion of the market.¹¹¹ It observed that the average unit values of subject imports were below the average unit values of the domestic like product in 2004 and 2009, but that the average unit values of subject imports increased significantly from 2006 to 2009 in response to the increase in antidumping duty deposit rates in 2005. The Commission concluded that, given the conditions of competition, the likely significant volumes of subject imports would likely significantly undersell the domestic like product to gain market share and would likely have significant depressing or suppressing effects on the prices of the domestic like product if the order were revoked.¹¹²

The Current Review. The record does not contain any additional pricing comparisons due to the expedited nature of this review. As observed earlier, subject import volume would likely increase to significant levels upon revocation. Additionally, subject producers would likely resume the behavior observed in the original investigations, exporting subject merchandise at low prices to gain market share. These subject imports would likely undersell domestically produced candles, as they did during the original investigation.¹¹³ Consequently, there would likely be significant underselling by subject imports.

Because price continues to be an important factor in purchasing decisions, particularly with respect to the mass merchandise portion of the market, the presence of significant quantities of subject imports that would likely enter the United States in the event of

¹⁰⁸ Second Five-Year Review, USITC Pub. 3790 at 21.

¹⁰⁹ Second Five-Year Review, USITC Pub. 3790 at 22.

¹¹⁰ Third Five-Year Review, USITC Pub. 4207 at 16.

¹¹¹ Third Five-Year Review, USITC Pub. 4207 at 16.

¹¹² Third Five-Year Review, USITC Pub. 4207 at 16.

¹¹³ The NCA observes that in 2014 Chinese producers' average unit values ranged from \$1.69 to \$2.63 per kg, while U.S. candle producers' average unit values were over \$5.00 per kg. Response at 17-18.

revocation and that would likely undersell the domestic like product would likely force the domestic industry either to lower prices or lose sales. In light of these considerations, we conclude that, absent the disciplining effect of the order, subject imports would likely have significant depressing or suppressing effects on prices for the domestic like product.

E. Likely Impact

The Original Investigation and Prior Reviews. In the original determination, the Commission found that the low-priced subject imports took market share from domestic producers in each segment of the market. The domestic industry's capacity utilization was just over 50 percent and declining. Employment levels and financial indicators also declined.¹¹⁴

In the first five-year review, the Commission found that the antidumping duty order had a significant restraining effect on subject imports. After imposition of the order, the volume of subject imports declined sharply, the average unit value of subject imports doubled, and U.S. producers were able to raise their prices and regain market share. Despite the initial volume declines and price increases following imposition of the order, subject imports' unit values declined during the period of review, and they regained a significant market presence at the expense of U.S. producers. The Commission found it likely that the most immediate impact of revocation would be that the domestic industry would cut prices on high-volume sales to compete with subject imports. The Commission concluded that the price and volume declines would likely have a significant adverse impact on the production, shipment, sales, and revenue levels of the domestic industry. The Commission also determined that this reduction in the industry's production, sales, and revenue levels would have a direct adverse impact on the industry's profitability, as well as its ability to raise capital and make and maintain necessary capital investments. In addition, the Commission found it likely that revocation of the order would result in employment declines for domestic firms, particularly the smaller and medium-sized companies that did not utilize heavily automated processes.¹¹⁵

In the second five-year review, the Commission found that the domestic industry's condition had improved since the imposition of the antidumping duty order. During the period of review, the industry had operated profitably, and its domestic shipments and total shipments increased. The domestic industry's capacity had also increased as more firms entered the market. As a result, the Commission determined that the domestic industry was not vulnerable.¹¹⁶ The Commission also found, however, that the domestic industry's financial condition declined over the period of review. The Commission observed that, as subject imports increased and their prices declined, the domestic industry's operating income, capacity utilization, capital expenditures, and return on investment all declined.¹¹⁷ The Commission found that, if the order were revoked, prices for candles sold in the mass merchandise and

¹¹⁴ Original Determination, USITC Pub. 1888 at 16-17.

¹¹⁵ First Five-Year Review, USITC Pub. 3226 at 15.

¹¹⁶ Second Five-Year Review, USITC Pub. 3790 at 23-24.

¹¹⁷ Second Five-Year Review, USITC Pub. 3790 at 24.

department store channels would decline in response to large volumes of subject imports, and the consequent price depression ultimately would likely result in reduced prices and lower revenues in the direct sales channel as well. Consequently, the Commission determined that revocation of the antidumping duty order would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time.¹¹⁸

In the third five-year review, the domestic industry's trade and financial indicators all declined relative to those at the end of the second review, except for operating income as a percentage of net sales, which increased. The Commission found that the limited evidence on the record was insufficient to make a finding on vulnerability.¹¹⁹ According to the Commission, the likely significant increase in subject imports and the accompanying price effects would likely have an adverse impact on the domestic industry's trade, employment, and financial indicators. Consequently, the Commission concluded that revocation of the antidumping duty order would likely have a significant impact on the domestic industry within a reasonably foreseeable time.¹²⁰

The Current Review. Because of the expedited nature of this review, information on the record concerning the recent performance of the domestic candle industry is limited. This limited information is insufficient for us to make a finding as to whether the domestic industry is vulnerable to continuation or recurrence of material injury in the event of revocation of the order.¹²¹

The record indicates that the domestic industry has reduced capacity and production since the time of the third review.¹²² In 2014, the domestic industry's capacity was *** pounds and production was *** pounds; by way of comparison, in 2009, capacity was 502.4 million pounds and production was 194.9 million pounds. Capacity utilization in 2014 was *** percent, which was higher than the 38.8 percent reported in 2009. While the industry's U.S. shipments in 2014 (*** pounds) were lower than those reported in 2009 (195.2 million pounds), the average unit value of these shipments (***) was higher than in 2009 (when it was \$4.37). In 2014, the domestic industry reported operating income of ***. Its ratio of operating income to sales, *** percent, was higher than that reported in 2009, 2004, or 1985 (*** percent, *** percent, and *** percent, respectively).¹²³

¹¹⁸ Second Five-Year Review, USITC Pub. 3790 at 25.

¹¹⁹ Third Five-Year Review, USITC Pub. 4207 at 19 n.99.

¹²⁰ Third Five-Year Review, USITC Pub. 4207 at 19.

¹²¹ Based on the record of this review, Vice Chairman Pinkert finds that the domestic industry is not vulnerable to the continuation or recurrence of material injury in the event of revocation of the antidumping duty order. The domestic industry performed well in 2014 relative to its performance in the last year of the original investigation and, in particular, reported an operating income margin of *** percent. CR at Table I-2.

¹²² The NCA furnished domestic industry data for both the current review and the third review. In both instances the NCA estimated that its member producers accounted for *** of U.S. candle production. CR at I-16, PR at I-11.

¹²³ CR/PR at Table I-2.

As previously discussed, revocation of the order would be likely to lead to a significant increase in the volume of subject imports that would undersell the domestic like product and have significant price effects on the domestic industry. Consequently, the likely volume of subject imports would place pricing pressure on domestic producers, forcing them to cut prices or cede market share to subject imports. The significant likely volume of subject imports and their price effects would negatively affect domestic production, shipments, and market share, directly impacting the industry's profitability and employment, as well as its ability to raise capital, to make and maintain capital investments, and to fund research and development.¹²⁴

We have also considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute injury from other factors to the subject imports. Domestic producers' operating income and operating income as a percentage of net sales increased from 2009 to 2014, despite the increasing presence of nonsubject imports.¹²⁵ We therefore find that the likely price effects and consequent impact of increasing subject imports in the reasonably foreseeable future are distinguishable from those of any future nonsubject imports.

Accordingly, we conclude that, if the antidumping duty order were revoked, subject imports from China would likely have a significant impact on domestic producers of candles within a reasonably foreseeable time.

IV. Conclusion

For the above reasons, we determine that revocation of the antidumping duty order on candles from China would likely lead to continuation or recurrence of material injury to the industry in the United States producing candles within a reasonably foreseeable time.

¹²⁴ Response at 29-30.

¹²⁵ CR/PR at Table I-5.

INFORMATION OBTAINED IN THESE REVIEWS

BACKGROUND

On December 1, 2015, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),¹ that it had instituted a review to determine whether revocation of an antidumping duty order on petroleum wax candles (“candles”) from China would likely lead to the continuation or recurrence of material injury to a domestic industry.² All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.^{3 4} The following tabulation presents information relating to the background and schedule of this proceeding:

Effective or statutory date	Action
December 1, 2015	Notice of initiation and institution by Commerce and Commission
March 7, 2016	Commission vote on adequacy
March 30, 2016	Commerce results of its expedited review
April 29, 2016	Commission statutory deadline to complete expedited review
November 25, 2016	Commission statutory deadline to complete full review

¹ 19 U.S.C. 1675(c).

² *Petroleum Wax Candles from China; Institution of a Five-Year Review*, 80 FR 75130, December 1, 2015. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping duty order concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 80 FR 75064, December 1, 2015. Pertinent *Federal Register* notices are referenced in appendix A, and may be found at the Commission’s website (www.usitc.gov).

³ As part of their response to the notice of institution, interested parties were requested to provide company-specific information. The National Candle Association, a trade association representing 35 domestic producers, submitted these data cumulatively, which are presented in appendix B. Summary data compiled in prior proceedings are presented in appendix C.

⁴ Interested parties were also requested to provide a list of three to five leading purchasers in the U.S. market for the subject merchandise. Presented in appendix D are the responses received from purchaser surveys transmitted to the purchasers identified in the adequacy phase of this review.

RESPONSES TO THE COMMISSION’S NOTICE OF INSTITUTION

Individual responses

The Commission received one submission in response to its notice of institution in the subject review. It was filed on behalf of the National Candle Association (“NCA”), representing 35 domestic producers of candles (collectively referred to herein as “domestic interested parties.”) The NCA stated that all of its regular members manufacture and/or distribute the domestic like product in the United States, making it an interested party under 19 U.S.C. § 1677(9)(E).

A complete response to the Commission’s notice of institution requires that the responding interested party submit to the Commission all the information listed in the notice. Responding firms are given an opportunity to remedy and explain any deficiencies in their responses. A summary of the number of responses and estimates of coverage for each is shown in table I-1.

Table I-1

Candles: Summary of responses to the Commission’s notice of institution

Type of interested party	Completed responses	
	Number	Coverage
Domestic:		
U.S. producer	1	***% ¹

¹ The coverage figure is the estimated share of total U.S. production of candles in 2014 accounted for by the responding 35 members of the NCA.

Source: *Domestic Interested Parties’ Response to the Notice of Institution*, December 30, 2015, p. 2.

Party comments on adequacy

The Commission received one submission from parties commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. This submission was filed on behalf of the NCA. In the submission, it requested an expedited review. It noted that the NCA provided a sufficient substantive response for domestic interest parties and that there has been an inadequate response to the notice of initiation by respondent interested parties. It claims that this is generally sufficient for the Commission to conduct an expedited review based on the facts available.⁵ It noted that a full review will “entail a significant expenditure of resources by the Commission and by the domestic interested parties, and it is unlikely that respondent interested parties would participate in a full review.”⁶

⁵ *Domestic Interested Parties’ Comments on Adequacy*, February 8, 2016.

⁶ *Ibid.*

RECENT DEVELOPMENTS IN THE INDUSTRY

Since the Commission's last five-year review, the following developments have occurred in the candles industry.

- Demand dropped during the 2008 recession and has not recovered over the past five years.⁷
- Imports from Vietnam have increased rapidly with low average unit values (AUVs).⁸
- Large exports of paraffin wax continue to be imported from China to the United States. Domestic interested parties claim these represent excess supply of a key raw material for wax candles.⁹
- China has continued to export approximately 500 million pounds of candles to the world per year.¹⁰
- The prices of inputs and labor have increased since 2010.¹¹
- In August 2011, Commerce issued a Federal Register notice clarifying the scope of the Order. In the notice, commerce adopted an "inclusive interpretation of the scope," whereby all candles were included within the scope, with the exception of birthday, utility, and figurine candles.¹²

THE PRODUCT

Commerce's scope

Commerce has defined the subject merchandise as:

certain 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.¹³

⁷ *Domestic Interested Parties' Response to the Notice of Institution*, December 30, 2015, p. 35

⁸ *Ibid.*, at 36

⁹ *Ibid.*

¹⁰ *Ibid.*, at 37

¹¹ *Ibid.*, at 38-39

¹² *Ibid.*, at 41

¹³ *Final Determination of Sales at Less Than Fair Value: Petroleum Wax Candles from China*, 75 FR 70713, November 18, 2010. In its latest scope ruling, Commerce determined that the list of shapes is not intended to be exclusive (i.e. it is a list of examples that is not exhaustive).

Description and uses¹⁴

A candle is made of solid, fusible, combustible waxes or fatty substances surrounding and saturating a combustible wick. Candles are used to produce light, heat, or scent or for celebratory or ritual purposes. As a candle burns, its flame is fed by a supply of melted wax that flows up the wick as a result of capillary action. Wax is melted as the flame burns down and consumes the wick, and a cup of melted wax forms as the outside layer of the candle is cooled by an upward current of air drawn by the heat of the candle. The proper interactions among candle diameter, wax, wick, air movements, drafts, and other factors result in an operational burning candle.

Two broad categories of wax are used for commercial purposes: natural and synthetic. The bulk of candle manufacturing utilizes various combinations of natural waxes, principally paraffins,¹⁵ microcrystallines, stearic acid, and beeswax. Wax selection for candle-making takes into consideration a number of wax characteristics, such as melting point, viscosity, and burning power. Typically, U.S. manufacturers will use higher melt-point waxes (130-160°F) for tapers, columns, and votives and use lower melt-point, or slack, waxes for wax-filled containers. U.S. manufacturers use refined and semi-refined waxes in candle production. In the original determination, the Commission noted that petroleum wax candles may contain other waxes in varying amounts, depending on the size and shape of the candle, to enhance the melt point, viscosity, and burning power.

Many different sizes and types of wicking are available for candle manufacturing. Wicks may be flat braid, square braid, stranded, twisted, metal core, glass fiber, or hollow. Wick sizing depends on the number of threads used, such as a 30-ply wick, which consists of a 3-strand braid of 10 threads each. The size of the wick must be adjusted to the diameter of the candle for proper burn. A candle of lower melting-point wax should have a wick of looser plait than one with a higher melting point and less-ready combustion.

In addition to wax and wick, scents, dyes, labeling, and packaging are other components in the production of candles. Scents added to wax are created by the same companies that produce perfumes, and they are specially compounded for use in petroleum wax; scents as a

¹⁴ Unless otherwise noted, this information is based on information contained in *Candles from the People's Republic of China: Investigation No. 731-TA-282 (Final)*, USITC Publication 1888, August 1986, pp. A-2 through A-6; *Petroleum Wax Candles From China: Investigation No. 731-TA-282 (Review)*, USITC Publication 3226, August 1999; *Petroleum Wax Candles From China: Investigation No. 731-TA-282 (Second Review)*, USITC Publication 3790, July 2005, pp. I-11 through I-12; *Petroleum Wax Candles From China: Investigation No. 731-TA-282 (Third Review)*, USITC Publication 4207, December 2010, p. I-11.

¹⁵ The use of paraffin wax from petroleum was first introduced into candle-making in the 19th century. Candle manufacturing accounted for approximately 10 percent of petroleum wax usage in the mid-1980s. In terms of a typical barrel of oil, petroleum wax represents 1 percent of a typical barrel of oil. Therefore, wax used for candle-making represented 0.1 percent of a barrel of oil. Other commercial applications for paraffin wax includes adhesives, coatings, cosmetics, pharmaceutical preparations, plastics, polishes, and rubber. *Candles from the People's Republic of China: Investigation No. 731-TA-282 (Final)*, USITC Publication 1888, August 1986, p. A-3; ***.

share of production costs can range from 0 for unscented candles to 60 percent for scented votives. Special wax-soluble dyes are used in color formulations, which are controlled in order to produce color consistency. Labeling and packaging as costs of production may be provided at the request of purchasers (e.g., private labeling and UPC labels) or may be required (e.g., warning labels).

Manufacturing process¹⁶

As reported during the original investigation, candle manufacturing has evolved over the years from hand-dipping a few dozen candles per hour to the use of automatic rotary molding machines that produce 6,000 candles per hour. At one time, all candles were produced from hot liquid wax, but technology has created a cold process that allows wax to be compressed into various candle shapes and forms.

In the hot wax process, wax is shipped and stored in liquid form. Steam-heated storage tanks and remote-controlled pumping systems permit custom blending of each batch of candle wax in its individual steam kettle. Cold wax processes cool the hot liquid wax in towers or through rotating drums into a powdered form, which is then supplied through tanks into compression and extrusion machines. Manufacturing techniques currently in use by U.S. manufacturers include dipping, molding, pouring, extrusion, and compression. A discussion of the principal manufacturing techniques is presented below.

Pouring and Dipping

U.S. candle manufacturers employ hand-poured processes for certain types of candles, when unusual shapes or dimensions impose physical or cost restrictions on the method of production. Dipping is a repeated, hot process. It consists of the following procedures: free-hanging wicks are attached to candle-dipping boards or cages; dipping stations containing liquid wax are positioned along the straight line or circular path; candles are cooled and cut or melted to the desired length, then tapered, including any reverse taper at the base; two final dips in microcrystalline or high melt-point wax are applied as a color overdip and to harden the candle exterior for better burning; and the candles are cut down from the dipping board, inspected, and packaged.

¹⁶ Unless otherwise noted, this information is based on information contained in *Candles from the People's Republic of China: Investigation No. 731-TA-282 (Final)*, USITC Publication 1888, August 1986, pp. A-8 through A-10; *Petroleum Wax Candles From China: Investigation No. 731-TA-282 (Review)*, USITC Publication 3226, August 1999; *Petroleum Wax Candles From China: Investigation No. 731-TA-282 (Second Review)*, USITC Publication 3790, July 2005, pp. I-12 through I-13; *Petroleum Wax Candles From China: Investigation No. 731-TA-282 (Third Review)*, USITC Publication 4207, December 2010, p. I-12.

Molding

Machine molding techniques are also hot processes and may be semi- or fully automated. The procedures for semi-automated machine molding include the following: wicks are tended (made taut or straight, and centered); the molding machine is heated; liquid wax stored in steam kettles is poured into the molds encased in the machine; the machine is water cooled, and the candles are ejected from the molds; wicks are cut for the removal of the set (group of candles) in the rack; and the set of candles is removed, inspected, and packaged.

Pricing

In the original investigation, the Commission found that candles imported from China undersold all varieties of domestic candles in all portions of the market by large margins. The Commission further found evidence of suppression or depression of prices for sales to mass merchandisers, the marketing channel most affected by imports. Price was an important factor during the original investigation, and (as discussed below) in subsequent reviews. In addition, in subsequent reviews the Commission continued to place emphasis on the mass merchandise portion of the market, where high volumes and intense competition among retailers made it likely that purchasers would switch suppliers readily, based on relatively small changes in price. In the first expedited five-year review, the Commission found that the importance of price would likely give Chinese candle producers an incentive to undersell the domestic producers to regain market share. As noted, in the second full five-year review, along with price as the most important factor, virtually all responding purchasers indicated that the U.S. and Chinese products were always or frequently interchangeable. The Commission found these data to indicate that the market is highly price sensitive.¹⁷ In its third five-year review, the Commission noted that the AUVs of Chinese candle imports increased significantly, likely due to the increased antidumping duty deposit rates in 2005.¹⁸

Channels of Distribution¹⁹

Petroleum wax candles are sold to consumers through a variety of channels, including large retail outlets such as mass merchandisers and department stores, discount retailers, card and gift shops, door-to-door sales, local sales, and sales to individual organizations. In the original investigation and the first and second five-year reviews, department and specialty stores and mass merchandisers continued to be the principal outlets for candle sales.

In its response to the Commission, the NCA noted that high-volume sales to the mass merchandiser market segment (e.g. Wal-Mart and Target, plus the food and drug store chains) are

¹⁷ *Petroleum Wax Candles from China, Inv. No. 731-TA-282 (Third Review)*, USITC Publication 4207, December 2010, p. I-14.

¹⁸ *Ibid.*, 16.

¹⁹ Unless otherwise noted, the discussion in this section is based on information from *Petroleum Wax Candles from China, Inv. No. 731-TA-282 (Third Review)*, USITC Publication 4207, December 2010

particularly important to both Chinese and domestic suppliers. This market segment is now estimated to account for approximately 60 percent of the total U.S. market. The NCA goes on to note that large discount retailers and chain stores will switch suppliers readily, based on relatively small changes in price.²⁰

U.S. tariff treatment

Petroleum wax candles are currently imported under HTS statistical reporting number 3406.00.0000. Petroleum wax candles imported from China enters the U.S. market at a column 1-general duty rate of “free.”

The definition of the domestic like product

The domestic like product is defined as the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise. In its original determination and its expedited first five-year review determination, the Commission defined the domestic like product as petroleum wax candles. In the original investigation, the Commission considered whether to define the domestic like product more broadly than the scope to include candles made of materials other than petroleum wax, principally beeswax.²¹ Citing differences in physical characteristics, uses, channels of distribution, and price, the Commission defined the domestic like product as consisting “only of petroleum wax candles.”²²

In the second five-year review, the Commission reexamined the definition of the domestic like product. Specifically, the Commission addressed the issue of whether to expand the definition of the domestic like product to include “blended” candles. The Commission determined that the domestic like product, which was defined as petroleum wax candles, includes all candles that contain any amount of petroleum wax, except those candles that contain more than 50 percent beeswax.²³

In its notice of institution for this review, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry. According to their response to the notice of institution, the domestic producers agree with the Commission’s definition from its third five-year review.²⁴

²⁰ *Domestic Interested Parties’ Response to the Notice of Institution*, December 30, 2015, pp. 18-19.

²¹ *Petroleum Wax Candles from China, Inv. No. 731-TA-282 (Final)*, USITC Publication 1888, August 1986, pp. 5-9. The Commission defined petroleum wax candles as those composed of more than 50 percent petroleum wax, and beeswax candles as those composed of more than 50 percent beeswax.

²² *Petroleum Wax Candles from China, Inv. No. 731-TA-282 (Third Review)*, USITC Publication 3790, December 2010, p. 8.

²³ *Petroleum Wax Candles from China, Inv. No. 731-TA-282 (Second Review)*, USITC Publication 3790, July 2005, pp. 7-9.

²⁴ *Domestic Interested Parties’ Response to the Notice of Institution*, December 30, 2015, pp. 41-42. In its third five year review, the Commission defined the domestic like product as, “candles with fiber or
(continued...)

THE ORIGINAL INVESTIGATION AND SUBSEQUENT REVIEWS

The original investigation

On September 4, 1985, the NCA filed a petition with Commerce and the Commission alleging that an industry in the United States was materially injured by reason of less-than-fair-value (“LTFV”) imports of petroleum wax candles from China. On July 10, 1986, Commerce published an affirmative final LTFV determination²⁵ and, on August 21, 1986, the Commission completed its original investigation, determining that an industry in the United States was materially injured by reason of LTFV imports of candles from China.²⁶ Following receipt of the Commission’s final affirmative determination, Commerce issued an antidumping duty order on imports of petroleum wax candles from China.

The first five-year review

The Commission instituted the first five-year review of the subject order on January 4, 1999, and determined on April 8, 1999, that it would conduct an expedited review. On June 17, 1999, Commerce published its determination that the revocation of the antidumping duty order on petroleum wax candles from China would be likely to lead to continuation or recurrence of dumping at a rate of 54.21 percent.

The Commission determined on September 1, 1999 that material injury would be likely to continue or recur within a reasonably foreseeable time, and published its determination on September 8, 1999. Commerce published notice of the continuation of the antidumping duty order on September 23, 1999.

The second five-year review

The Commission instituted the second five-year review of the subject order on August 2, 2004, and determined on November 5, 2004, that it would conduct a full review. On December 16, 2004, Commerce published its determination that revocation of the antidumping duty order on petroleum wax candles from China would be likely to lead to continuation or recurrence of dumping at the China-wide rate of 108.30 percent *ad valorem*, and on July 28, 2005, the

(...continued)

paper-cored wicks and containing any amount of petroleum wax, except for candles containing more than 50 percent wax.” *Petroleum Wax Candles from China, Inv. No. 731-TA-282 (Third Review)*, USITC Publication 4207, December 2010.

²⁵ *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.

²⁶ *Candles From the People’s Republic of China*, 51 FR 30558, August 27, 1986. The Commission found that the domestic like product consisted “only” of petroleum wax candles, and, therefore that the relevant domestic industry consisted of the producers of petroleum wax candles. *Candles from the People’s Republic of China: Investigation No. 731-TA-282 (Final)*, USITC Publication 1888, August 1986, p. 9.

Commission notified Commerce of its determination that material injury would be likely to continue or recur within a reasonably foreseeable Time. Commerce issued notice of the second continuation of the antidumping duty order effective August 10, 2005.

The third five-year review

The Commission instituted its third five-year review on July 1, 2010 and determined on October 4, 2010 that it would conduct an expedited review. The Commission determined that revocation of the antidumping duty order on petroleum wax candles from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.²⁷ Commerce issued notice of the third continuation of the antidumping duty order effective January 6, 2011.²⁸

PRIOR RELATED INVESTIGATIONS

Candles have not been the subject of any prior related antidumping or countervailing duty investigations in the United States.

ACTIONS AT COMMERCE

Commerce's Scope Clarifications and Anticircumvention Inquires

In its original investigation in July 1987, Commerce 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 or 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).²⁹

²⁷ *Petroleum Wax Candles from China, Inv. No. 731-TA-282 (Third Review)*, USITC Publication 4207, December 2010.

²⁸ *Petroleum Wax Candles From the People's Republic of China: Continuation of Antidumping Duty Order*, 76 FR 773, January 6, 2011.

²⁹ See *Russ Berrie & Co., Inc. v. United States*, 57 F. Supp. 2d 1184, 1194 (CIT July 1999), citing Customs Information Exchange, CIE N-212185, 0912 1187, AR doc. 7; and *Commerce's Final Scope Ruling of Antidumping Duty Order on Petroleum Wax Candles from the People's Republic of China (A-570-504)*; JC Penney (November 9, 2001) citing Letter from the Director, Office of Compliance, to Burditt, Bowles & Radzius, Ltd., July 13, 1987.

On August 21, 2009, Commerce solicited comments from the general public on the best method to consider whether novelty candles should or should not be included within the scope of the order, given the extremely large number of scope determinations requested by outside parties. Commerce published its final results on August 11, 2011. In the final results, Commerce determined that the order is not limited only to the enumerated shapes/types listed in the scope. The most reasonable interpretation is that the enumerated shapes/types serve as an illustrative, not exhaustive, list of candles included within the scope of the order.³⁰

Scope rulings

On August 21, 2009, Commerce published a request for comments on the scope of the antidumping duty order.³¹ The request for comments and subsequent determination were due to the large number of scope determination requests by outside parties based on whether novelty candles should or should not be included in the scope (there were 149 scope inquiry requests between 1992 and 2009).³² Commerce published its final results of the change in interpretation of the scope on August 2, 2011. There have only been eight scope rulings since the ruling in 2011.³³

Other Actions at Commerce

There have been no administrative reviews, new shipper reviews, critical circumstances reviews, changed circumstances reviews, or anti-circumvention findings since the last order.

Current five-year review

Commerce is conducting an expedited review with respect to petroleum wax candles from the People's Republic of China and intends to issue the final results of that review based on the facts available not later than March 30, 2016.³⁴

³⁰ *Petroleum Wax Candles From the People's Republic of China: Final Results of Request for Comments on the Scope of the Antidumping Duty Order*, 76 FR 148, August 2, 2011.

³¹ *Petroleum Wax Candles from the People's Republic of China: Request for Comments on the Scope of the Antidumping Duty Order and the Impact on Scope Determinations*, 74 FR 42230, August 21, 2009.

³² <http://enforcement.trade.gov/download/candles-prc-scope/>

³³ *Ibid.*

³⁴ Melissa Skinner, letter to Catherine DeFilippo, January 20, 2016.

THE INDUSTRY IN THE UNITED STATES

U.S. producers

In the original antidumping investigation, the Commission noted that there were over 100 producers of candles in the United States and identified 47 firms that accounted for approximately 95 percent of domestically produced candles. The Commission received questionnaire responses from 22 firms, accounting for approximately 75 percent of total domestic production.³⁵

During the first review instituted in January 1999, the Commission noted that there were over 200 domestic producers of candles and the NCA reported that 39 members produced candles accounting for about 75 percent of the total production of candles in the United States.³⁶ In its response to the Commission's notice of institution in the second five-year review, the NCA provided a list of over 400 domestic producers of candles. The U.S. industry data presented in the Commission's staff report in its full second five-year review of the order were based on the questionnaire responses of 39 U.S. producers that accounted for approximately 63 percent of U.S. production in 2003.³⁷

In the third five-year review, the NCA provided a list of 58 U.S. producers and reported that 40 of its members were domestic producers of candles, accounting for approximately 80 percent of total domestic production.³⁸ In the current review, the NCA provided a list of 35 NCA member domestic producers, accounting for approximately *** percent of total domestic production,³⁹ as well as a list of 32 additional U.S. producers.⁴⁰

Definition of the domestic industry and related party issues

The domestic industry is the collection of U.S. producers, as a whole, of the domestic like product, or those producers whose collective output of the domestic like product constitutes a major proportion of the total domestic production of the product. In its original determination and its expedited first five-year review determination, the Commission defined the domestic industry as all U.S. producers of candles.

³⁵ *Candles from the People's Republic of China: Investigation No. 731-TA-282 (Final)*, USITC Publication 1888, August 1986, p. A-12.

³⁶ *Petroleum Wax Candles From China: Investigation No. 731-TA-282 (Review)*, USITC Publication 3226, August 1999, p. I-6.

³⁷ *Petroleum Wax Candles From China: Investigation No. 731-TA-282 (Second Review)*, USITC Publication 3790, July 2005, p. I-19.

³⁸ *Petroleum Wax Candles from the People's Republic of China: Investigation No. 731-TA-282 (Third Review)*, USITC Publication 4207, December 2010.

³⁹ *Domestic Interested Parties' Response to the Notice of Institution*, December 30, 2015, p. 2 and exh. A.

⁴⁰ *Domestic Interested Parties' Response to the Notice of Institution*, December 30, 2015, exh. G.

In the second five-year review, the Commission defined the domestic industry as all domestic producers of candles with fiber or paper-cored wicks and containing any amount of petroleum wax, except for candles containing more than 50% beeswax.⁴¹ In the third five-year review, the Commission included all U.S. producers of candles.⁴² In its response to the notice of institution, the domestic interested parties agreed with the Commission's definitions of the "domestic industry" as stated in the Commission's expedited third sunset review.⁴³

***⁴⁴

U.S. producers' trade and financial data

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution of the current five-year review.⁴⁵ Table I-2 presents a compilation of the data submitted from all responding U.S. producers as well as trade and financial data submitted by U.S. producers in the prior five-year review.

⁴¹ *Petroleum Wax Candles From China: Investigation No. 731-TA-282 (Second Review)*, USITC Publication 3790, July 2005, pp. 9-12.

⁴² *Petroleum Wax Candles From China: Investigation No. 731-TA-282 (Third Review)*, USITC Publication 4207, December 2010, p. 7.

⁴³ *Domestic Interested Parties' Response to the Notice of Institution*, December 30, 2015, pp. 41-42.

⁴⁴ *Domestic Interested Parties' Response to the Notice of Institution*, December 30, 2015, p. 34.

⁴⁵ Individual company trade and financial data are presented in appendix B.

Table I-2

Candles: Trade and financial data submitted by U.S. producers, 1998, 2004, 2009, and 2014

Quantity=1,000 pounds; value=1,000 dollars;					
Unit values, unit labor costs, and unit financial data are per pound					
Item	1985	1998	2004	2009	2014
Capacity	181,709	(1)	695,671	502,443	***
Production	94,708	411,872	361,269	194,912	***
Capacity utilization (percent)	52.1	(1)	51.9	38.8	***
U.S. commercial shipments:					
Quantity	90,933	375,515	361,272	195,175	***
Value	136,617	1,032,884	1,213,666	853,198	***
Unit value	\$1.55	\$2.75	\$3.36	\$4.37	***
Total U.S. shipments:					
Quantity	90,933	(1)	361,272	195,175	*** ²
Value	136,617	(1)	1,213,666	853,198	***
Unit value	\$1.55	(1)	\$3.36	\$4.37	***
Exports:					
Quantity	1,437	(1)	11,886	(1)	(1)
Value	1,807	(1)	70,485	(1)	(1)
Unit Value	\$1.26	(1)	\$5.93	(1)	(1)
Net sales (\$1,000)	***	(1)	1,356,196	***	***
COGS (\$1,000)	***	(1)	709,141	***	***
COGS/net sales	62.7	(1)	52.3	***	***
Gross profit or (loss) (\$1,000)	***	(1)	647,055	***	***
SG&A expenses (loss) (\$1,000)	***	(1)	432,080	***	***
Operating income/(loss) (\$1,000)	***	(1)	214,975	***	***
Operating income (loss)/net sales (percent)	***	(1)	15.9	***	***
¹ Not available ² In 1998, 2004, and 2009, there was no reporting of internal consumption. In 2014, internal consumption was reported as 48,000 pounds, valued at \$1,327 total.					
Source: Staff Report on Petroleum Wax Candles, Investigation No. 731-TA-282 (Third Review), November 10, 2010, INV-HH-107, table I-3; <i>Domestic Interested Parties' Response to the Notice of Institution</i> , December 30, 2015, Attachment E					

U.S. IMPORTS AND APPARENT CONSUMPTION

U.S. importers

In the original investigation, the Commission identified over 175 possible importers of the subject merchandise from China, most of which were reported to have imported only small quantities. In its response to the Commission's notice of institution in the first review of the order, the NCA identified 96 U.S. firms that imported the subject merchandise into the United States. In its response to the Commission's notice of institution in the second five-year review, the NCA provided a list of over 125 U.S. importers of candles from China. In its response to the Commission's notice of institution in the third five-year review, the NCA provided a list of over 200 importers and foreign producers from China.

In its response to the Commission's notice of institution for the fourth five-year review, the NCA provided a listing of 36 potential U.S. importers of candles.⁴⁶

U.S. imports

According to official import statistics, in 2014 imports from China entering the United States under the appropriate HTS subheading for petroleum wax candles amounted to 13.9 million pounds (\$38.8 million in LDPV). The volume of subject merchandise from China has decreased from 2010, while that same time period has seen a major increase in candle imports from Canada, Mexico, and Poland. According to private market research provided in the response of the domestic interested parties, North American imports of candles have increased by *** percent from 2010 through 2015, and Asian exports have increased by *** percent over that same time.⁴⁷

The NCA also notes that imports from Vietnam have increased drastically over the past 10 years. It claims that from 2004 through 2014, imports of candles have increased over 60 fold. It also notes that the AUVs for imports from Vietnam are lower than the AUVs from China (\$1.72 from Vietnam and \$2.59 from China).⁴⁸

Table I-3 shows the country-of-origin data for U.S. imports of candles. Imports from China decreased by 21.4 percent between 2010 and 2014. Over that same period, total imports increased by 6.0 percent. Imports from Vietnam dropped by 23.4 percent between 2010 and 2011, but have remained relatively stable since then and remain the largest source of importers of candles to the U.S. From 2010 to 2014, candle imports from Canada (164.3 percent) and Poland (198.7 percent) increased significantly.

⁴⁶ *Domestic Interested Parties' Response to the Notice of Institution*, December 30, 2015, exh. H.2.

⁴⁷ *Domestic Interested Parties' Response to the Notice of Institution*, December 30, 2015, exh. L.1.

⁴⁸ *Ibid.*, p. 36 and exhs. C and D.

Table I-3
Candles: U.S. imports, 2010-2014

Item	2010	2011	2012	2013	2014
	Quantity (1,000 pounds)				
China (subject)	17,684	18,231	16,904	13,500	13,904
Vietnam	102,258	78,305	84,732	79,004	73,734
Canada	27,500	31,558	49,784	69,382	72,672
Mexico	16,755	23,230	25,584	33,763	34,770
Poland	7,893	14,000	18,784	21,177	23,576
India	33,531	37,185	36,070	28,923	23,106
All other imports (nonsubject)	60,564	49,616	46,675	44,467	40,479
Total imports	266,183	252,126	278,535	290,215	282,242
	Landed, duty-paid value (\$1,000)				
China (subject)	41,567	41,702	42,889	37,047	38,867
Vietnam	151,194	129,120	150,128	139,879	134,290
Canada	86,171	93,011	99,177	93,723	92,097
Mexico	12,718	15,868	17,664	22,074	23,178
Poland	8,154	14,994	19,718	22,232	26,199
India	35,727	38,825	38,028	32,196	28,904
All other imports (nonsubject)	84,567	83,729	77,141	73,143	68,936
Total imports	420,099	417,249	444,745	420,294	412,471
	Unit value (dollars per pound)				
China (subject)	2.35	2.29	2.54	2.74	2.80
Vietnam	1.48	1.65	1.77	1.77	1.82
Canada	3.13	2.95	1.99	1.35	1.27
Mexico	0.76	0.68	0.69	0.65	0.67
Poland	1.03	1.07	1.05	1.05	1.11
India	1.07	1.04	1.05	1.11	1.25
All other imports (nonsubject)	1.40	1.69	1.65	1.64	1.70
Total imports	1.58	1.65	1.60	1.45	1.46

Note.--Because of rounding, figure may not add to total shown.

Source: Official statistics of Commerce for HTS statistical reporting number 3406.00.0000

Apparent U.S. consumption and market shares

Table I-4 presents data on U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, while table I-5 presents data on U.S. market shares of U.S. apparent consumption.

Table I-4
Candles: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 1985, 1998, 2004, 2009, and 2014

Item	1985	1998	2004	2009	2014
	Quantity (1,000 pounds)				
U.S. producers' U.S. shipments	90,933	375,515	361,272	195,175	***
US Imports from – China	28,949	86,597	208,073	15,709	13,904
All other	33,728	214,148	160,551	231,206	268,338
Total imports	62,677	300,745	368,624	246,915	282,242
Apparent U.S. consumption	153,610	676,260	729,896	442,090	***
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	136,617	1,032,884	1,213,666	853,198	***
US Imports from – China	18,009	95,126	219,540	33,200	38,867
All other	38,263	268,793	241,178	365,468	373,604
Total imports	56,272	363,919	460,717	398,668	412,471
Apparent U.S. consumption	192,889	1,396,803	1,674,383	1,251,866	***

Source: For the years 1985, 1998, 2004, and 2009, data are compiled using data submitted in the Commission's third five-year review. See *appendix C*. For the year 2014, U.S. producers' U.S. shipments are compiled from the domestic interested parties' response to the Commission's notice of institution and U.S. imports are compiled using official Commerce statistics under HTS subheading 3406.00.0000.

Table I-5**Candles: Apparent U.S. consumption and U.S. market shares 1985, 1998, 2004, 2009, and 2014**

Item	1985	1998	2004	2009	2014
	Quantity (1,000 pounds)				
Apparent U.S. consumption	153,610	676,260	729,896	442,090	***
	Value (1,000 dollars)				
Apparent U.S. consumption	192,889	1,396,803	1,674,383	1,251,866	***
	Share of consumption based on quantity (percent)				
U.S. producer's share	59.2	55.5	49.5	44.1	***
US Imports from –					
China	18.8	12.8	28.5	3.6	***
All other sources	22.0	31.7	22.0	52.3	***
Total imports	40.8	44.5	50.5	55.9	***
	Share of consumption based on value (percent)				
U.S. producer's share	70.8	73.9	72.5	68.2	***
US Imports from –					
China	9.3	6.8	13.1	2.7	***
All other sources	19.8	19.2	14.4	29.2	***
Total imports	29.2	26.1	27.5	31.8	***

Source: For the years 1985, 1998, 2004, and 2009, data are compiled using data submitted in the Commission's third five-year review. See *appendix C*. For the year 2014, U.S. producers' U.S. shipments are compiled from the domestic interested parties' response to the Commission's notice of institution and U.S. imports are compiled using official Commerce statistics under HTS subheading 3406.00.0000.

THE INDUSTRY IN CHINA

The staff report in the Commission's final investigation leading to the antidumping duty order subject to this review indicated that approximately *** percent of the subject imports from China during 1985 were exported by the China Native Products Corp., an import/export entity. In that final investigation, the NCA identified 44 factories and the China Native Products Corp. identified 11 factories in China that produced candles for export. Many of the candle producers in China were rural enterprises that operated largely outside centralized control. In its response to the Commission's notice of institution in the first review of the order, the NCA identified 25 manufacturers/exporters of the subject merchandise in China. In its response to the Commission's notice of institution in the second five-year review, the NCA provided a listing of approximately 70 manufacturers/exporters of candles in China. Eight Chinese companies provided limited data to the Commission on their candle operations in China during the second full five-year review. In its response to the Commission's notice of institution in the third

review, the NCA listed more than 200 current importers and foreign producers of the subject merchandise in China. In response to the Commission's notice of institution in the current review, the NCA listed 40 current importers and foreign producers of the subject merchandise in China.⁴⁹

Based on private market research provided to the Commission by the NCA, since 2010, Chinese capacity and production have grown significantly. From 2010 to 2015, capacity has increased from *** to *** thousand short tons. Production has gone from *** thousand short tons in 2010 to *** thousand short tons in 2015. Capacity utilization has increased by almost *** points during that time and is at *** percent in 2015.⁵⁰ This level of unused capacity ***. According to the domestic interested parties, this unused capacity could be used to flood the U.S. market with candles if the order were revoked.⁵¹

According to the domestic interested parties, China's candle industry is the largest in the world and accounts for approximately *** percent of world trade by volume. Chinese exports of candles to all markets have increased since the Commission's third review from *** thousand short tons in 2010 to *** thousand short tons in 2014.⁵² The Chinese Government increased the export rebate on candles from 13 percent to 17 percent in January of 2015.⁵³

In 2014, China produced almost 2 billion pounds of candles and that number is expected to grow to 2.7 billion pounds by 2019. China's candle industry is heavily export-oriented. It produced 61.3 percent more candles in 2014 than China's domestic market consumed. Chinese producers also have an excess of paraffin wax, which is an input in petroleum wax candles.⁵⁴

Paraffin wax is a key raw material in the subject merchandise. China is by far the largest exporter of paraffin wax to the U.S. Between 2010 and 2014, it has exported between 90,713 metric tons and 146,062 metric tons per year. The next largest exporters during those years was Canada, which imported between 22,523 metric tons and 39,790 metric tons.⁵⁵ Imports of paraffin wax from China in 2014 totaled almost 200 million pounds, more than 14 times the volume of China's shipments of candles to the U.S. market in that year.⁵⁶ The NCA claims that this large quantity of imports represents essential raw material that candle producers in China could use to increase candle production and exports if the order were revoked.⁵⁷

⁴⁹ *Petroleum Wax Candles From China: Investigation No. 731-TA-282 (Third Review)*, USITC Publication 3790, July 2005

⁵⁰ *Domestic Interested Parties' Response to the Notice of Institution*, December 30, 2015, exh. L.1., p. 40.

⁵¹ *Ibid.*, p. 8.

⁵² *Ibid.*, p. 49.

⁵³ *Ibid.*, exh. L.2. at 87.

⁵⁴ *Ibid.*, pp. 4-15.

⁵⁵ *Ibid.*, exh. P.

⁵⁶ *Ibid.*, p. 11.

⁵⁷ *Ibid.*, p. 37.

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

The European Union (“EU”) imposed an antidumping duty order on candles from China in May 2009. In August of 2015 it allowed the order to sunset. The domestic interested parties note that the European Commission (“EC”) based its decision in part on a finding that Chinese exporters faced a more favorable pricing environment in the United States, Canada, and other “main” third country markets than in the EU. They went on to note that the EC also based its decision in part upon a finding that there was no publicly available evidence regarding capacity utilization in China, which the NCA provided in its response.^{58 59} Additionally, Mexico had an antidumping duty order in place on imports of candles from China until the end of 2011.⁶⁰

THE GLOBAL MARKET

Table I-6 presents the largest global export sources of petroleum wax candles during 2010-14. From 2011 to 2014, China’s share of global exports declined steadily as its export volumes declined irregularly, and in 2013, Poland replaced China as the largest global exporter.

⁵⁸ Commission Implementing Regulation (EU) 2015/1361, August 6, 2015.

⁵⁹ In the *2015 Market Research Report on Global Candle Industry* by QY Research (p. 40) provided by the NCA as exh. L, Chinese capacity, production, and capacity utilization are detailed.

⁶⁰ *Domestic Interested Parties’ Response to the Notice of Institution*, December 30, 2015, p. 12.

Table I-6

Candles: Global exports by major sources, 2010-14

Item	Calendar year				
	2010	2011	2012	2013	2014
	Quantity (1,000 pounds)				
United States	68,738	75,743	80,925	89,808	99,103
China (subject country)	536,030	579,484	485,099	467,517	485,356
Other top exporters.--					
Poland	405,786	414,730	455,393	511,997	560,605
Netherlands	240,279	282,077	236,589	242,459	209,977
Slovakia	3,902	6,388	6,148	7,185	186,266
Germany	161,701	146,415	120,958	133,173	145,971
Vietnam	103,360	108,164	0	111,091	103,168
Belgium	66,707	64,685	65,953	65,468	62,582
India	46,413	64,398	67,585	48,285	55,787
Italy	41,495	38,303	47,304	50,216	52,001
Hungary	20,957	20,262	21,487	24,712	36,827
Sweden	27,105	32,663	33,327	42,836	36,569
Subtotal, top exporters	1,117,705	1,178,085	1,054,745	1,237,421	1,449,754
All other exporters	343,441	349,565	334,064	342,378	362,403
Total exports	2,065,913	2,182,876	1,954,833	2,137,124	2,396,615
	Share of quantity (percent)				
United States	3.3	3.5	4.1	4.2	4.1
China (subject country)	25.9	26.5	24.8	21.9	20.3
Other top exporters.--					
Poland	19.6	19.0	23.3	24.0	23.4
Netherlands	11.6	12.9	12.1	11.3	8.8
Slovakia	0.2	0.3	0.3	0.3	7.8
Germany	7.8	6.7	6.2	6.2	6.1
Vietnam	5.0	5.0	0.0	5.2	4.3
Belgium	3.2	3.0	3.4	3.1	2.6
India	2.2	3.0	3.5	2.3	2.3
Italy	2.0	1.8	2.4	2.3	2.2
Hungary	1.0	0.9	1.1	1.2	1.5
Sweden	1.3	1.5	1.7	2.0	1.5
Subtotal, top exporters	54.1	54.0	54.0	57.9	60.5
All other exporters	16.6	16.0	17.1	16.0	15.1
Total exports	100.0	100.0	100.0	100.0	100.0

Note.--Because of rounding, figures may not add to total shown.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HS subheading 3406.00.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
80 FR 75064 December 1, 2015	<i>Petroleum Wax Candles from the People’s Republic of China; Initiation of a Five Year Sunset Review</i>	https://www.gpo.gov/fdsys/pkg/FR-2015-12-01/pdf/2015-30497.pdf
80 FR 75130 December 1, 2015	<i>Petroleum Wax Candles from China; Institution of a Five-Year Review</i>	https://www.gpo.gov/fdsys/pkg/FR-2015-12-01/pdf/2015-30197.pdf
81 FR 15122 March 21, 2016	<i>Petroleum Wax Candles From China; Scheduling of an Expedited Five-Year Review</i>	https://www.federalregister.gov/articles/2016/03/21/2016-06246/petroleum-wax-candles-from-china-scheduling-of-an-expedited-five-year-review

APPENDIX B
COMPANY-SPECIFIC DATA

RESPONSE CHECKLIST FOR U.S. PRODUCERS

Item	National Candle Association
	Quantity=pounds Value=USD
Nature of operation	***
Statement of intent to participate	***
Statement of likely effects of revoking the order	***
U.S. producer list	***
U.S. importer/foreign producer list	***
List of 3-5 leading purchasers	***
List of sources for national/regional prices	***
Production:	
Quantity	***
Percent of total reported	***
Capacity	***
Commercial Shipments:	
Quantity	***
Value	***
Internal Consumption	
Quantity	***
Value	***
Net sales	***
COGS	***
Gross profit or (loss)	***
SG&A expenses (loss)	***
Operating income/(loss)	***
Changes in supply/demand	***

APPENDIX C

SUMMARY DATA COMPILED IN ORIGINAL INVESTIGATION AND PRIOR REVIEWS

Table I-3

Candles: U.S. producers' trade, employment, and financial data, 1983-85, 1998, 1999-2004, and 2009¹

(Quantity=1,000 pounds; value=\$1,000; unit values are per pound)

Item	1983	1984	1985	1998	1999	2000	2001	2002	2003	2004	2009
Capacity	171,596	183,554	181,709	(²)	548,420	597,371	618,609	614,811	644,047	695,671	502,443
Production	94,427	95,769	94,708	411,872	360,164	357,383	315,577	324,359	328,936	361,269	194,912
Capacity utilization (percent)	55.0	52.2	52.1	(²)	65.7	59.8	51.0	52.8	51.1	51.9	38.8
U.S. shipments: ³											
Quantity	90,929	93,179	90,933	375,515	293,239	315,042	333,688	337,052	330,304	361,272	195,175
Value (\$1,000)	144,746	144,445	136,617	1,032,884	1,058,798	1,149,911	1,124,558	1,101,018	1,165,266	1,213,666	853,198
Unit value	\$1.59	\$1.55	\$1.50	\$2.75	\$3.61	\$3.65	\$3.37	\$3.27	\$3.53	\$3.36	\$4.37
Exports:											
Quantity	3,157	2,304	1,437	(²)	13,855	14,211	11,879	11,784	11,843	11,886	(²)
Value (\$1,000)	3,528	3,207	1,807	(²)	65,427	61,680	58,534	65,878	64,157	70,485	(²)
Unit value	\$1.12	\$1.39	\$1.26	(²)	\$4.72	\$4.34	\$4.93	\$5.59	\$5.42	\$5.93	(²)
Total shipments:											
Quantity	94,086	95,483	92,370	(²)	307,094	329,253	345,567	348,836	342,147	373,158	(²)
Value (\$1,000)	148,274	147,652	138,424	(²)	1,124,225	1,211,591	1,183,092	1,166,896	1,229,423	1,284,151	(²)
Unit value	\$1.58	\$1.55	\$1.50	(²)	\$3.66	\$3.68	\$3.42	\$3.35	\$3.59	\$3.44	(²)
End-of-period inventories	20,353	20,190	20,890	(²)	223,250	197,458	164,090	138,771	126,614	113,655	(²)

Table continued on next page.

Table I-3--Continued

Candles: U.S. producers' trade, employment, and financial data, 1983-85, 1998, 1999-2004, and 2009¹

(Quantity=1,000 pounds; value=\$1,000; unit values are per pound)

Item	1983	1984	1985	1998	1999	2000	2001	2002	2003	2004	2009
Production and related workers (<i>number</i>)	3,272	3,191	2,875	(²)	5,076	5,025	4,692	4,828	4,680	4,389	(²)
Hours worked (<i>1,000 hours</i>)	3,358	3,229	2,928	(²)	9,556	9,527	8,855	9,098	9,136	8,735	(²)
Wages paid (<i>\$1,000</i>)	19,980	20,961	20,562	(²)	107,247	112,103	104,915	108,215	110,601	106,839	(²)
Hourly wages	\$5.95	\$6.49	\$7.02	(²)	\$11.20	\$11.72	\$11.81	\$11.83	\$12.05	\$12.16	(²)
Productivity (<i>pounds/hour</i>)	28.1	29.7	32.3	(²)	37.6	37.4	35.6	35.6	35.9	41.3	(²)
Unit labor costs	\$0.21	\$0.22	\$0.22	(²)	\$0.30	\$0.31	\$0.33	\$0.33	\$0.34	\$0.30	(²)
Net sales (<i>\$1,000</i>)	***	***	***	(²)	1,039,120	1,205,903	1,213,118	1,269,768	1,326,889	1,356,196	***
Cost of goods sold (<i>\$1,000</i>)	***	***	***	(²)	526,148	618,764	638,424	663,534	686,927	709,141	***
Gross profit or (loss) (<i>\$1,000</i>)	***	***	***	(²)	512,971	587,139	574,694	606,234	639,962	647,055	***
SG&A expenses (<i>\$1,000</i>)	***	***	***	(²)	303,664	364,677	368,169	406,548	427,030	432,080	***
Operating income or (loss) (<i>\$1,000</i>)	***	***	***	(²)	209,308	222,462	206,524	199,687	212,932	214,975	***
Operating income (loss)/sales (<i>percent</i>)	***	***	***	(²)	20.1	18.4	17.0	15.7	16.0	15.9	***

¹ Data presented for 2009 were provided by the National Candle Association, 40 members of which are believed to represent approximately *** percent of candle production during 2009.

² Not available.

³ During the first five-year review, shipment data were also provided for 1996 (305 million pounds) and 1997 (335 million pounds).

Note.--Financial data for 2009 as reported by the domestic interested party do not reconcile.

Source: *Staff Report on Petroleum Wax Candles, Investigation No. 731-TA-282 (Second Review)*, June 17, 2005, INV-CC-092, table I-1; *Response of domestic interested party*, August 2, 2010, Attachment E.

Table I-5
Candles: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 1983-85,
1996-98, 1999-2004, and 2009

Item	1983	1984	1985	1996	1997	1998
Quantity (1,000 pounds)						
U.S. producers' U.S. shipments	90,929	93,179	90,933	305,125	335,395	375,515
U.S. imports from-- China	16,539	26,705	28,949	41,108	45,939	86,597
Other sources	29,121	34,456	33,728	86,516	117,088	214,148
Total imports	45,660	61,161	62,677	127,624	163,027	300,745
Apparent U.S. consumption	136,589	154,340	153,610	432,749	498,422	676,260
Value (1,000 dollars)						
U.S. producers' U.S. shipments	144,746	144,445	136,617	(¹)	(¹)	1,032,884
U.S. imports from-- China	9,170	16,123	18,009	75,591	76,378	95,126
Other sources	27,880	33,654	38,263	137,564	165,958	268,793
Total imports	37,050	49,777	56,272	213,155	242,336	363,919
Apparent U.S. consumption	181,796	194,222	192,889	(¹)	(¹)	1,396,803
Share of consumption based on quantity (percent)						
U.S. producers' U.S. shipments	66.6	60.4	59.2	70.5	67.3	55.6
U.S. imports from-- China	12.1	17.3	18.8	9.5	9.2	12.8
Other sources	21.3	22.3	22.0	20.0	23.5	31.6
Total imports	33.4	39.6	40.8	29.5	32.7	44.4
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0	100.0
Share of consumption based on value (percent)						
U.S. producers' U.S. shipments	79.6	74.4	70.8	(¹)	(¹)	73.9
U.S. imports from-- China	5.0	8.3	9.3	(¹)	(¹)	6.8
Other sources	15.3	17.3	19.8	(¹)	(¹)	19.2
Total imports	20.4	25.6	29.2	(¹)	(¹)	26.1
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table I-5--Continued

Candles: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 1983-85, 1996-98, 1999-2004, and 2009

Item	1999	2000	2001	2002	2003	2004	2009
Quantity (1,000 pounds)							
U.S. producers' U.S. shipments	293,239	315,042	333,688	337,052	330,304	361,272	195,175
U.S. imports from-- China	151,908	156,765	133,553	174,165	183,644	208,073	15,709
Other sources	284,396	288,054	233,886	201,401	179,851	160,551	231,206
Total imports	436,304	444,819	367,439	375,566	363,495	368,624	246,915
Apparent U.S. consumption	729,543	759,862	701,128	712,618	693,799	729,896	442,090
Value (1,000 dollars)							
U.S. producers' U.S. shipments	1,058,798	1,149,911	1,124,558	1,101,018	1,165,266	1,213,666	853,198
U.S. imports from-- China	149,240	171,593	151,162	179,244	185,143	219,540	33,200
Other sources	371,697	372,136	312,808	264,855	262,067	241,178	365,468
Total imports	520,937	543,729	463,970	444,099	447,211	460,717	398,668
Apparent U.S. consumption	1,579,735	1,693,640	1,588,527	1,545,117	1,612,477	1,674,383	1,251,866
Share of consumption based on quantity (percent)							
U.S. producers' U.S. shipments	40.2	41.5	47.6	47.3	47.6	49.5	44.1
U.S. imports from-- China	20.8	20.6	19.0	24.4	26.5	28.5	3.6
Other sources	39.0	37.9	33.4	28.3	25.9	22.0	52.3
Total imports	59.8	58.5	52.4	52.7	52.4	50.5	55.9
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Share of consumption based on value (percent)							
U.S. producers' U.S. shipments	67.0	67.9	70.8	71.3	72.3	72.5	68.2
U.S. imports from-- China	9.4	10.1	9.5	11.6	11.5	13.1	2.7
Other sources	23.5	22.0	19.7	17.1	16.3	14.4	29.2
Total imports	33.0	32.1	29.2	28.7	27.7	27.5	31.8
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0	100.0	100.0
¹ Not available. Note.--Because of rounding, figures may not add to the totals shown. Source: Staff Report on Petroleum Wax Candles, Investigation No. 731-TA-282 (Second Review), June 17, 2005, INV-CC-092, table I-1; official Commerce statistics, HTS statistical reporting number 3406.00.0000; and Response of domestic interested party, August 2, 2010, Attachment E.							

APPENDIX D
PURCHASER QUESTIONNAIRE RESPONSES

As part of their response to the notice of institution, interested parties were asked to provide a list of three to five leading purchasers in the U.S. market for the domestic like product. A response was received from domestic interested parties and it named the following *** firms as the top purchasers of petroleum wax candles: ***. Purchaser questionnaires were sent to these *** firms and 3 firms (***) provided responses which are presented below.

1. a.) Have any changes occurred in technology; production methods; or development efforts to produce petroleum wax candles that affected the availability of petroleum wax candles in the U.S. market or in the market for petroleum wax candles in China since 2011?
- b.) Do you anticipate any changes in technology; production methods; or development efforts to produce petroleum wax candles that will affect the availability of petroleum wax candles in the U.S. market or in the market for petroleum wax candles in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	***	***
***	***	***
***	***	***

2. a.) Have any changes occurred in the ability to increase production of petroleum wax candles (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production) that affected the availability of petroleum wax candles in the U.S. market or in the market for petroleum wax candles in China since 2011?
- b.) Do you anticipate any changes in the ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production) that will affect the availability of petroleum wax candles in the U.S. market or in the market for petroleum wax candles in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	***	***
***	***	***
***	***	***

3. a.) Have any changes occurred in factors related to the ability to shift supply of petroleum wax candles among different national markets (including barriers to importation in foreign markets or changes in market demand abroad) that affected the availability of petroleum wax candles in the U.S. market or in the market for petroleum wax candles in China since 2011?

b.) Do you anticipate any changes in factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad) that will affect the availability of petroleum wax candles in the U.S. market or in the market for petroleum wax candles in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	***	***
***	***	***
***	***	***

4. a.) Have there been any changes in the end uses and applications of petroleum wax candles in the U.S. market or in the market for petroleum wax candles in China since 2011?

b.) Do you anticipate any changes in the end uses and applications of petroleum wax candles in the U.S. market or in the market for petroleum wax candles in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	***	***
***	***	***
***	***	***

5. a.) Have there been any changes in the existence and availability of substitute products for petroleum wax candles in the U.S. market or in the market for petroleum wax candles in China since 2011?

b.) Do you anticipate any changes in the existence and availability of substitute products for petroleum wax candles in the U.S. market or in the market for petroleum wax candles in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	***	***
***	***	***
***	***	***

6. a.) Have there been any changes in the level of competition between petroleum wax candles produced in the United States, petroleum wax candles produced in China, and such merchandise from other countries in the U.S. market or in the market for petroleum wax candles in China since 2011?

b.) Do you anticipate any changes in the level of competition between petroleum wax candles produced in the United States, petroleum wax candles produced in China, and such merchandise from other countries in the U.S. market or in the market for petroleum wax candles in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	***	***
***	***	***
***	***	***

7. a.) Have there been any changes in the business cycle for petroleum wax candles in the U.S. market or in the market for petroleum wax candles in China since 2011?

b.) Do you anticipate any changes in the business cycle for petroleum wax candles in the U.S. market or in the market for petroleum wax candles in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	***	***
***	***	***
***	***	***

