



DEPARTMENT OF COMMERCE

International Trade Administration

[C-201-846]

Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico; Preliminary Results of the 2020 Administrative Review

AGENCY: Enforcement & Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that the signatory, the Government of Mexico (GOM), and the respondent companies selected for individual examination, respectively, Impulsora Azucarera Del Tropico, S.A. de C.V. (Impulsora Del Tropico) and its affiliate and Ingenio Huixtla SA de C.V. (Ingenio Huixtla) and its affiliates are in compliance with the Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico, as amended (CVD Agreement), except for certain instances of inconsequential non-compliance. Commerce also preliminarily determines that the CVD Agreement continues to meet its statutory requirements under sections 704(c) and (d) of the Tariff Act of 1930, as amended (the Act), during the POR. However, Commerce intends to address certain issues identified in this review by discussing these issues with the GOM and Mexican producers/exporters, as appropriate. We may request consultations pursuant to the CVD Agreement, as necessary, to resolve these issues.

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER.]

FOR FURTHER INFORMATION CONTACT: Sally C. Gannon or David Cordell, Enforcement & Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230, telephone: (202) 482-0162 or (202) 482-0408, respectively.

SUPPLEMENTARY INFORMATION:

Background

On December 19, 2014, Commerce signed an agreement under section 704(c) of the Act, with the GOM, suspending the countervailing duty (CVD) investigation on sugar from Mexico.¹

On January 15, 2020, the CVD Agreement was amended.²

On December 17, 2020, the American Sugar Coalition (ASC) and its members (petitioners)³ filed a timely request for an administrative review of the CVD Agreement.⁴ On February 4, 2021, Commerce initiated an administrative review for the period January 1, 2020, through December 31, 2020.⁵

On March 23, 2021, Commerce selected two companies as mandatory respondents, listed in alphabetic order: Impulsora Del Tropico and Ingenio Huixtla SA de C.V..⁶ In addition, the review covered the GOM, which is the signatory to the CVD Agreement.

Scope of the CVD Agreement

The product covered by this CVD Agreement is raw and refined sugar of all polarimeter readings derived from sugar cane or sugar beets. Merchandise covered by this AD Agreement is typically imported under the following headings of the HTSUS: 1701.12.1000, 1701.12.5000, 1701.13.1000, 1701.13.5000, 1701.14.1020, 1701.14.1040, 1701.14.5000, 1701.91.1000, 1701.91.3000, 1701.99.1015, 1701.99.1017, 1701.99.1025, 1701.99.1050, 1701.99.5015, 1701.99.5017, 1701.99.5025, 1701.99.5050, and 1702.90.4000.⁷ The tariff classification is

¹ See *Agreement Suspending the Countervailing Duty Investigation of Sugar from Mexico*, 79 FR 78044 (December 29, 2014) (*CVD Agreement*).

² See *Sugar from Mexico: Amendment to the Agreement Suspending the Countervailing Duty Investigation*, 85 FR 3613 (January 22, 2020) (*CVD Amendment*) (collectively, as integrated into the *CVD Agreement, amended CVD Agreement*).

³ The members of the American Sugar Coalition are as follows: American Sugar Cane League; American Sugarbeet Growers Association; American Sugar Refining, Inc.; Florida Sugar Cane League; Rio Grande Valley Sugar Growers, Inc.; Sugar Cane Growers Cooperative of Florida; and the United States Beet Sugar Association.

⁴ See Petitioners' Letter, "Sugar from Mexico: Request for Administrative Review," dated December 17, 2020.

⁵ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 86 FR 8166 (February 4, 2021).

⁶ See Memorandum, "2019 - 2020 Administrative Review of the Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico As Amended; Respondent Selection," dated March 23, 2021.

⁷ Prior to July 1, 2016, merchandise covered by the AD Agreement was classified in the HTSUS under subheading 1701.99.1010. Prior to January 1, 2020, merchandise covered by the AD Agreement was classified in the HTSUS under subheadings 1701.14.1000 and 1701.99.5010.

provided for convenience and customs purposes; however, the written description of the scope of this CVD Agreement is dispositive.⁸

Methodology and Preliminary Results

Commerce has conducted this review in accordance with section 751(a)(1)(C) of the Act, which specifies that Commerce shall “review the current status of, and compliance with, any agreement by reason of which an investigation was suspended.” Pursuant to the CVD Agreement, the GOM agrees that subject merchandise is subject to export limits.⁹ The GOM also agrees to other conditions including limits on exports of Refined Sugar¹⁰ and restrictions on shipping patterns for exports.¹¹ The CVD Agreement also requires the GOM to issue contract-specific export licenses,¹² submit compliance monitoring reports to Commerce,¹³ and institute penalties for non-compliance with certain key terms of the CVD Agreement and the companion Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico, as amended (AD Agreement).¹⁴

After reviewing the information received to date from the GOM and respondent companies in their questionnaire and supplemental questionnaire responses, we preliminarily determine that the GOM and respondent companies have adhered to the terms of the CVD Agreement, except for certain instances of inconsequential non-compliance by the respondent companies, and that the CVD Agreement is functioning as intended. Further, we preliminarily determine that the CVD Agreement continues to meet the statutory requirements under sections 704(c) and (d) of the Act. However, Commerce is exploring additional measures to help prevent

⁸ For a complete description of the Scope of the CVD Agreement, see Memorandum, “Issues and Decision Memorandum for the Preliminary Results of the 2020 Administrative Review of the Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico, as Amended,” dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

⁹ See *amended CVD Agreement* at Section V.

¹⁰ “Refined Sugar” is defined in Section II.L of the *amended CVD Agreement*.

¹¹ *Id.* at Section V.C.

¹² *Id.* at Section VI and Appendix I.

¹³ *Id.* at Section VIII.B.1 and Appendix II.

¹⁴ *Id.* at Section VIII.B.4; see also *Sugar from Mexico: Suspension of Antidumping Investigation*, 79 FR 78039 (December 29, 2014); and *Sugar from Mexico: Amendment to the Agreement Suspending the Antidumping Duty Investigation*, 85 FR 3620 (January 22, 2020).

reporting and recordkeeping issues that may serve to diminish the effective monitoring and enforcement of the CVD Agreement. Commerce intends to address certain issues identified in this review by discussing these issues with the GOM and Mexican producers/exporters, as appropriate. We may request consultations pursuant to the CVD Agreement, as necessary, to resolve these issues. For a full description of the methodology underlying our conclusions, *see* the Preliminary Decision Memorandum. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <https://access.trade.gov/public/FRNoticesListLayout.aspx>. Commerce is also addressing proprietary issues concerning each of the respondents in separate memoranda which we incorporate into the Preliminary Decision Memorandum.¹⁵

Verification

As provided in section 782(i)(3)(a) of the Act, Commerce verified the information relied upon in making its preliminary results. Normally, Commerce verifies information using standard procedures, including an on-site examination of original accounting, financial, and sales documentation. However, due to current travel restrictions in response to the global COVID-19 pandemic, Commerce is unable to conduct on-site verification in this review. Accordingly, we chose to verify the information relied upon in making the preliminary results through alternative means in lieu of an on-site verification. Commerce issued questionnaires in lieu of on-site verification to the GOM and each of the respondents in the review.¹⁶ Any issues that arose are

¹⁵ *See* Preliminary Decision Memorandum at 9, n. 78 and 12, n. 87.

¹⁶ *See* Commerce's Letters, "2020 Administrative Review of the Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico: In Lieu of On-Site Verification Questionnaire," dated November 12, 2021.

addressed in the Preliminary Decision Memorandum and in the accompanying proprietary memorandum for each respondent.

Public Comment

Case briefs are due 30 days from the publication of these preliminary results in the *Federal Register*. Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than seven days after the deadline date for case briefs.

Note that Commerce has temporarily modified certain of its requirements for serving documents containing business proprietary information, until further notice.¹⁷ Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this investigation are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.¹⁸

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing must submit a written request to the Assistant Secretary for Enforcement and Compliance, filed electronically via Commerce's electric records system, ACCESS. An electronically filed request must be received successfully in its entirety by 5:00 p.m. Eastern Time within 30 days after the date of publication of this notice.¹⁹ Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; and (3) a list of issues to be discussed. If a request for a hearing is made, Commerce intends to hold the hearing at a time and date to be determined.²⁰ Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

Commerce intends to issue the final results of this administrative review, including the results of its analysis of the issues raised in any written briefs, not later than 120 days after the date of publication of this notice, pursuant to section 751(a)(3)(A) of the Act, unless extended.

¹⁷ See *Temporary Rule Modifying AD/CVD Service Requirements Due to COVID-19*, 85 FR 17006 (March 26, 2020); and *Temporary Rule Modifying AD/CVD Service Requirements Due to COVID-19; Extension of Effective Period*, 85 FR 41363 (July 10, 2020).

¹⁸ See 19 CFR 351.309(c)(2) and (d)(2).

¹⁹ See 19 CFR 351.310(c).

²⁰ See 19 CFR 351.310(d).

Notification to Interested Parties

We are issuing and publishing these results in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: December 30, 2021.

Ryan Majerus,

Deputy Assistant Secretary

for Policy and Negotiations

performing the non-exclusive functions and duties of the

Assistant Secretary for Enforcement and Compliance.

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