



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[C-201-846]

Suspension Agreement on Sugar from Mexico; 2018 Administrative Review of the Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico (as amended)

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

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that the Government of Mexico (GOM) and selected respondents, Ingenio Adolfo Lopez Mateos S.A. de C.V. and its affiliates (Grupo PIASA) and Ingenio Pánuco S.A.P.I. de C.V. (Pánuco), are in compliance with the Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico (CVD Agreement), as amended on June 30, 2017 (collectively, amended CVD Agreement), for the period January 1, 2018 through December 31, 2018, when such amended CVD Agreement was in effect. Further, Commerce preliminarily determines that the amended CVD Agreement in effect during the period of review (POR) was meeting its statutory requirements under sections 704(c) and (d) of the Tariff Act of 1930, as amended (the Act). The preliminary results are set forth in the section titled “Methodology and Preliminary Results,” *infra*. We intend to issue the final results of review within 120 days after publication of these preliminary results in the *Federal Register*.

DATES: Applicable January 31, 2020.

FOR FURTHER INFORMATION CONTACT: Sally C. Gannon or David Cordell, Bilateral Agreements Unit, 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.

SUPPLEMENTAL 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.<sup>1</sup>

On June 30, 2017, Commerce and the GOM signed an amendment to the CVD Agreement.<sup>2</sup>

Consistent with a ruling from the U.S. Court of International Trade, Commerce published in the *Federal Register* a notice of the termination of the 2017 CVD Amendment, with an applicable date of December 7, 2019.<sup>3</sup>

On December 26, 2018, the American Sugar Coalition and its Members<sup>4</sup> (petitioners) filed a timely request for an administrative review of the amended CVD Agreement.<sup>5</sup> On January 28, 2019, Commerce exercised its discretion to toll all deadlines affected by the partial federal government closure from December 22, 2018 through the resumption of operations on January 29, 2019.<sup>6</sup> On February 12, 2019, the petitioners resubmitted their request for an

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

<sup>2</sup> See *Sugar From Mexico: Amendment to the Agreement Suspending the Countervailing Duty Investigation*, 82 FR 31942 (July 11, 2017) (*CVD Amendment*).

<sup>3</sup> See *Sugar from Mexico: Notice of Termination of Amendment to the Agreement Suspending the Countervailing Duty Investigation*, 84 FR 67718 (December 11, 2019).

<sup>4</sup> 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.

<sup>5</sup> See Letter to Wilbur L. Ross, Jr., Secretary of Commerce, from the American Sugar Coalition and its members, "Sugar from Mexico: Request for Administrative Review" (December 26, 2018).

<sup>6</sup> See Memorandum to the Record, "Deadlines Affected by the Partial Shutdown of the Federal Government" (January 28, 2019). All deadlines in this segment of the proceeding have been extended by 40 days.

administrative review of the amended CVD Agreement as a precaution because the initial request was made during the partial federal government closure.<sup>7</sup>

Commerce initiated the review of the amended CVD Agreement on March 14, 2019, for the January 1, 2018 through December 31, 2018 POR.<sup>8</sup> On May 6, 2019, Commerce selected mandatory respondents and issued its questionnaire to the GOM and two selected respondent companies: Grupo PIASA and Pánuco.<sup>9</sup> These two companies represented the largest producers/exporters of subject merchandise imported into the United States during the POR.

### Scope of Review

Merchandise covered by this amended CVD Agreement was typically imported under the following headings of the HTSUS during the POR: 1701.12.1000, 1701.12.5000, 1701.13.1000, 1701.13.5000, 1701.14.1000, 1701.14.5000, 1701.91.1000, 1701.91.3000, 1701.99.1010, 1701.99.1025, 1701.99.1050, 1701.99.5010, 1701.99.5025, 1701.99.5050, and 1702.90.4000. The tariff classification is provided for convenience and customs purposes; however, the written description of the scope of this amended CVD Agreement is dispositive.<sup>10</sup>

### 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

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<sup>7</sup> See Letter to Wilbur L. Ross, Jr., Secretary of Commerce, from the American Sugar Coalition and its members, “Sugar from Mexico: Resubmission of Request for Administrative Review” (February 12, 2019).

<sup>8</sup> See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 84 FR 9297 (March 14, 2019). The original initiation notice had incorrectly stated that the POR ended on December 30, 2017, and this was corrected in the initiation notice published on March 16, 2018.

<sup>9</sup> See Memorandum to the File, “Administrative Review of the Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico, as Amended: Placement of CBP Data on the Record for Respondent Selection” (March 18, 2019).

<sup>10</sup> For a complete description of the Scope of the Order, see Memorandum to Jeffrey I. Kessler, Assistant Secretary for Enforcement and Compliance, “Decision Memorandum for Preliminary Results of Administrative Review of the Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico,” dated concurrently with this notice (Preliminary Decision Memorandum).

agreement by reason of which an investigation was suspended.” In this case, Commerce, and the GOM signed the CVD Agreement on December 19, 2014. Pursuant to the CVD Agreement, the GOM agreed that the subject merchandise would be subject to export limits, as outlined in the CVD Agreement.<sup>11</sup> The GOM also agreed to other conditions including limits on Refined Sugar<sup>12</sup> and the issuance of shipment-specific (later amended to contract-specific) export licenses.<sup>13</sup> The amendment to the CVD Agreement also made certain changes with respect to GOM’s licensing system and the polarity of the sugar to be exported.<sup>14</sup>

After reviewing the information received to date from the respondent companies and the GOM in their questionnaire and supplemental questionnaire responses, we preliminarily find that the GOM adhered to the terms of the amended CVD Agreement in effect during the POR and that the amended CVD Agreement was functioning as intended. Further, we preliminarily determine that the amended CVD Agreement in effect during the POR was meeting its statutory requirements under sections 704(c) and (d) of the Act. For a full description of the methodology underlying our conclusions, see the Preliminary Decision Memorandum. Issues involving business proprietary information are addressed in a separate memorandum.<sup>15</sup>

#### Public Comment

Pursuant to 19 CFR 351.309(c)(1)(ii), interested parties may submit case briefs not later than 30 days after the date of publication of this notice. Rebuttal briefs, limited to issues raised in the case briefs, may be filed not later than five days after the date for filing case briefs in

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<sup>11</sup> See *CVD Agreement*, 79 FR at 78047, at Export Limits. See also *CVD Amendment*, 82 FR at 31942, 31944.

<sup>12</sup> See *CVD Agreement*, 79 FR at 78046-47, at Definitions and Export Limits. See also *CVD Amendment*, 82 FR at 31942, 31944.

<sup>13</sup> See *CVD Agreement*, 79 FR at 78047-48, at Export Limits and Implementation. See also *CVD Amendment*, 82 FR at 31944.

<sup>14</sup> See *CVD Amendment*, 82 FR at 31943-44.

<sup>15</sup> See Memorandum to the File, “Memorandum Regarding Certain Allocations of the Export Limit” (January 31, 2020).

accordance with 19 CFR 351.309(d)(1). Parties who submit case briefs or rebuttal briefs in this proceeding are encouraged to provide: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities. *See* 19 CFR 351.309(c)(2) and (d)(2).

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Enforcement and Compliance filed electronically via ACCESS. An electronically filed document must be received successfully in its entirety by Commerce's electronic records system, ACCESS, by 5:00 p.m. Eastern Standard Time within 30 days after the date of publication of this notice. 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. Issues raised in the hearing will be limited to those raised in the respective case briefs. 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.

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

Dated: January 31, 2020.

Jeffrey I. Kessler,  
Assistant Secretary  
for Enforcement and Compliance.

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