



## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-201-845]

#### Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico:

#### Preliminary Results of the 2022-2023 Administrative Review

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

**SUMMARY:** The U.S. Department of Commerce (Commerce) selected two respondents for individual examination, Azucarera San Jose De Abajo S.A. (San Jose) and Santa Rosalia de la Chontalpa, SA de CV, and its affiliates (Santa Rosalia; collectively, Grupo BSM). Commerce preliminarily determines there are no attributable sales to serve as a basis for review of whether San Jose complied with the certain terms of the Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico, as amended (AD Agreement) during the period of review (POR) from December 1, 2022, through November 30, 2023. We preliminarily determine that Grupo BSM, did not comply with the requirement to eliminate at least 85 percent of the dumping found in the investigation during the POR. Furthermore, we consider Grupo BSM's noncompliant behavior to be serious and in need of remediation, and we will implement certain steps to address its noncompliance. Finally, Commerce preliminarily determines that the AD Agreement met the applicable statutory requirements during the POR.

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

**FOR FURTHER INFORMATION CONTACT:** Jill Buckles or Samantha Fino, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-6230 or (202) 482-2861, respectively.

#### SUPPLEMENTARY INFORMATION:

Background

Commerce and Mexican producers/exporters accounting for substantially all imports of sugar from Mexico signed the AD Agreement under section 734(c) of the Tariff Act of 1930, as amended (the Act), which suspended the underlying antidumping duty investigation, on December 19, 2014, and which was subsequently amended on January 15, 2020.<sup>1</sup>

On December 26, 2023, the American Sugar Coalition and its members (petitioners)<sup>2</sup> filed a timely request for an administrative review of the AD Agreement.<sup>3</sup> On February 9, 2024, Commerce initiated an administrative review for the period December 1, 2022, through November 30, 2023.<sup>4</sup> On April 4, 2024, Commerce selected San Jose and Santa Rosalia as mandatory respondents.

### Scope of the AD Agreement

The product covered by this AD 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.<sup>5</sup> The tariff classification is provided for convenience and customs purposes; however, the written description of the scope of this AD Agreement is dispositive.<sup>6</sup>

### Methodology and Preliminary Results

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<sup>1</sup> See *Sugar from Mexico: Suspension of Antidumping Investigation*, 79 FR 78039 (December 29, 2014); see also *Sugar from Mexico: Amendment to the Agreement Suspending the Antidumping Duty Investigation*, 85 FR 3620 (January 22, 2020) (collectively, AD Agreement).

<sup>2</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>3</sup> See Petitioners' Letter, "Request for Administrative Review," dated December 26, 2023.

<sup>4</sup> See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 89 FR 8641 (February 8, 2024).

<sup>5</sup> Prior to July 1, 2016, merchandise covered by the AD Agreement was also classified in the HTSUS under subheading 1701.99.1010. Prior to January 1, 2020, merchandise covered by the AD Agreement was also classified in the HTSUS under subheadings 1701.14.1000 and 1701.99.5010.

<sup>6</sup> For a complete description of the Scope of the AD Agreement, see Memorandum, "Decision Memorandum for the Preliminary Results of the 2022-2023 Administrative Review: Sugar from Mexico," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

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 AD Agreement, each signatory producer/exporter individually agrees that it will not sell subject merchandise at prices less than the reference prices established in Appendix I to the AD Agreement.<sup>7</sup> Each signatory producer/exporter also individually agrees that for each entry the amount by which the estimated normal value exceeds the export price (or the constructed export price) will not exceed 15 percent of the weighted average amount by which the estimated normal value exceeded the export price (or constructed export price) for all less-than-fair-value entries of the producer/exporter examined during the course of the investigation.<sup>8</sup> The signatory producers/exporters also individually agree to provide documentation upon request from Commerce<sup>9</sup> and provide certifications each quarter<sup>10</sup> to allow Commerce to monitor the AD Agreement. In addition, the signatory producers/exporters agree to incorporate into their sales contracts with Intermediary Customers<sup>11</sup> the obligation that such customers will abide by the terms of the AD Agreement.<sup>12</sup> Lastly, the signatory producers/exporters agree to ensure that Other Sugar<sup>13</sup> is tested for polarity by a laboratory approved by CBP upon entry into the United States and that the importers of record report the polarity test results for each entry to Commerce within 30 days of entry.<sup>14</sup>

After reviewing the information received from the respondent companies in their questionnaire and supplemental questionnaire responses, we preliminarily determine that except for as explained below the respondents were generally in compliance with the AD Agreement during the POR, that the AD Agreement is functioning as intended, and that the AD Agreement

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<sup>7</sup> See AD Agreement at Section VI and Appendix I.

<sup>8</sup> *Id.* at Section VI.

<sup>9</sup> *Id.* at Sections VII.B.1, VII.B.2, and VII.B.4.

<sup>10</sup> *Id.* at Section VII.C.4.

<sup>11</sup> “Intermediary Customer” is defined in Section II.N of the AD Agreement.

<sup>12</sup> See AD Agreement at Section VII.C.5.

<sup>13</sup> “Other Sugar” is defined Section II.F of the AD Agreement.

<sup>14</sup> See AD Agreement at Section VII.C.6.

met the statutory requirements under sections 734(c) and (d) of the Act during the POR.

However, we preliminarily find that there are no attributable sales to serve as a basis for review of whether San Jose complied with certain terms of the AD Agreement, *i.e.*, the Reference Prices<sup>15</sup> and the requirement to eliminate at least 85 percent of the dumping, during the POR. In addition, we preliminarily find that Grupo BSM did not comply with the requirement to eliminate at least 85 percent of the dumping during the POR.

We intend to address what we have found to be serious noncompliance by Grupo BSM with an “action plan” outlined in the Preliminary Decision Memorandum. Commerce’s next steps will include: verification of Grupo BSM’s questionnaire responses; formal consultations with the Signatories to the AD Agreement under Section VII.E.2 (Operations Consultations); additional monitoring of Grupo BSM; and consideration of the selection of Grupo BSM in a future administrative review. These measures are necessary to ensure compliance with the AD Agreement and that any potential administrative challenges to effective monitoring are diminished.

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 also addresses certain issues, which require discussion of business proprietary information, in separate memoranda which we incorporate into the Preliminary Decision Memorandum.<sup>16</sup>

### Verification

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<sup>15</sup> “Reference Price” is defined at Section II.G of the AD Agreement.

<sup>16</sup> *See* Preliminary Decision Memorandum at 6-8 and fn. 47 and 59.

As provided in section 782(i)(3) of the Act, Commerce intends to verify the information from Grupo BSM relied upon in making its final determination.

### Public Comment

Interested parties may submit case briefs not later than seven days after the date on which the verification report is issued in this administrative review.<sup>17</sup> 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.<sup>18</sup> Interested parties who submit case briefs or rebuttal briefs in this proceeding must submit: (1) a table of contents listing each issue; and (2) a table of authorities.<sup>19</sup>

As provided under 19 CFR 351.309(c)(2) and (d)(2), in prior proceedings we have encouraged interested parties to provide an executive summary of their brief that should be limited to five pages total, including footnotes. In this review, we instead request that interested parties provide at the beginning of their briefs a public, executive summary for each issue raised in their briefs.<sup>20</sup> Further, we request that interested parties limit their executive summary of each issue to no more than 450 words, not including citations. We intend to use the executive summaries as the basis of the comment summaries included in the issues and decision memorandum that will accompany the final results in this administrative review. We request that interested parties include footnotes for relevant citations in the executive summary of each issue. Note that Commerce has amended certain of its requirements pertaining to the service of documents in 19 CFR 351.303(f).<sup>21</sup>

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, filed electronically via ACCESS. Requests should

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<sup>17</sup> See 19 CFR 351.309(c)(1)(ii).

<sup>18</sup> See 19 CFR 351.309(d); *see also Administrative Protective Order, Service, and Other Procedures in Antidumping and Countervailing Duty Proceedings*, 88 FR 67069, 67077 (September 29, 2023) (*APO and Service Final Rule*).

<sup>19</sup> See 19 CFR 351.309(c)(2) and (d)(2).

<sup>20</sup> We use the term “issue” here to describe an argument that Commerce would normally address in a comment of the Issues and Decision Memorandum.

<sup>21</sup> See *APO and Service Final Rule*.

contain: (1) the party's name, address, and telephone number; (2) the number of participants and whether any participant is a foreign national; and (3) a list of issues to be discussed. An electronically filed hearing request must be received successfully in its entirety by Commerce's electronic records system, ACCESS, by 5 p.m. Eastern Time within 30 days after the date of publication of this notice.

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.

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: April 7, 2025.

**Christopher Abbott,**

*Deputy Assistant Secretary*

*for Policy and Negotiations,*

*performing the non-exclusive functions and duties*

*of the Assistant Secretary for Enforcement and Compliance.*

## Appendix

### List of Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
- II. Background
- III. Scope of the Agreement
- IV. Preliminary Results of Review
- V. Recommendation

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