INTERNATIONAL TRADE ADMINISTRATION

FACT SHEET

Commerce Preliminarily Finds Dumping of Imports of Sugar from Mexico

- On October 27, 2014, the Department of Commerce (Commerce) announced its affirmative preliminary determination in the antidumping duty (AD) investigation of imports of sugar from Mexico.

- The AD law provides U.S. businesses and workers with a transparent and internationally accepted mechanism to seek relief from the market distorting effects caused by injurious dumping of imports into the United States, establishing an opportunity to compete on a level playing field.

- For the purpose of AD investigations, dumping occurs when a foreign company sells a product in the United States at less than its fair value.

- Commerce preliminarily determined that sugar from Mexico has been sold in the United States at dumping margins ranging from 39.54 percent to 47.26 percent.

- Mandatory respondents Fondo de Empresas Expropiadas del Sector Azucarero (FEESA) and Ingenio Tala S.A. de C.V. and certain affiliated companies of Grupo Azucarero Mexico S.A. de C.V. (collectively, the GAM Group) received preliminary dumping margins of 39.54 percent and 47.26 percent, respectively. All other producers/exporters in Mexico received a preliminary dumping margin of 40.76 percent.

- As a result of the preliminary affirmative determination, Commerce will instruct U.S. Customs and Border Protection to require cash deposits based on these preliminary rates, adjusted for export subsidies as appropriate.

- The petitioners for this investigation are the American Sugar Coalition and its individual members (American Sugar Cane League (LA), American Sugarbeet Growers Association (DC), American Sugar Refining, Inc., (FL), Florida Sugar Cane League (DC), Hawaiian Commercial & Sugar Company (HI), Rio Grande Valley Sugar Growers, Inc. (TX), Sugar Cane Growers Cooperative of Florida (FL), and United States Beet Sugar Association (DC)).

- The product covered by this investigation is sugar derived from sugar cane or sugar beets. Sucrose gives sugar its essential character. Sucrose is a nonreducing disaccharide composed of glucose and fructose linked via their anomeric carbons. The molecular formula for sucrose is $C_{12}H_{22}0_{11}$, the International Union of Pure and Applied Chemistry International Chemical Identifier (InChl) for sucrose is 1S/C12H22O11/c13-l-4-6(16)8(18)9(19)11(21-4)23-12(3-15)10(20)7(17)5(2-14)22-12/h4-11,13-20H,1-3H2/t4-,5-,6-,7-,8+,9-,10+,11-,12+/m1/s1, the InChl Key for sucrose is CZMRCDWAGMRECN-UGDNZRGBSA-N, the U.S. National Institutes of Health PubChem Compound Identifier for sucrose is 5988, and the Chemical Abstracts Service Number of sucrose is 57-50-1.

Sugar within the scope of this investigation includes raw sugar (sugar with a sucrose content by weight in a dry state that corresponds to a polarimeter reading of less than 99.5 degrees) and estandar or standard sugar which is sometimes referred to as “high polarity” or “semi-refined” sugar (sugar with a sucrose content by weight in a dry state that corresponds to a polarimeter reading of 99.2 to 99.6 degrees). Sugar within the scope of this investigation includes refined sugar with a sucrose content by weight in a dry state that corresponds to a polarimeter reading of at least 99.9 degrees. Sugar within the scope of this investigation includes brown sugar, liquid sugar (sugar dissolved in water), organic raw sugar and organic refined sugar.

Inedible molasses is not within the scope of this investigation. Specialty sugars, *e.g.*, rock candy, fondant, sugar decorations, are not within the scope of this investigation. Processed food products that contain sugar, *e.g.*, beverages, candy, cereals, are not within the scope of this investigation.

Merchandise covered by this investigation is typically imported under the following headings of the Harmonized Tariff Schedule of the United States (HTSUS): 1701.12.1000, 1701.12.5000, 1701.13.1000, 1701.13.5000, 1701.14.1000, 1701.14.5000, 1701.91.1000, 1701.91.3000, 1701.99.1025, 1701.99.1050, 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 investigation is dispositive.

- In 2013, imports of sugar from Mexico were valued at an estimated $1.1 billion.

- On October 27, 2014, Commerce announced that it initialed draft agreements suspending the countervailing duty (CVD) and AD investigations of sugar from Mexico. The proposed agreements cover imports of sugar from Mexico as defined in the scope of the investigations. The CVD agreement was initialed by the Government of Mexico, and the AD agreement was initialed by representatives of substantially all of the Mexican sugar exporters. The CVD agreement includes the quantitative export limits on sugar imports from Mexico. The AD agreement includes reference, or minimum, prices on sugar imports from Mexico.

NEXT STEPS

- Interested parties have an opportunity to comment on the texts of the proposed suspension agreements. Comments are due on November 10, 2014.

- If final AD and CVD agreements are signed, Commerce expects to suspend the AD and CVD investigations. Cash deposits would be refunded to importers and no final determinations would be issued. Final AD and CVD agreements may be signed no earlier than November 26, 2014.

- <u>Next Steps If No Final Agreement is Signed</u>: Commerce and the U.S. International Trade Commission (ITC) will continue their respective investigations. If Commerce makes an affirmative final AD determination, and the ITC makes an affirmative final determination that imports of sugar from Mexico materially injure, or threaten material injury to, the domestic industry, Commerce will issue an AD order. If either Commerce’s or the ITC’s final determination is negative, no AD order will be issued. The ITC is scheduled to make its final injury determination on or about April 30, 2015.

PRELIMINARY DUMPING MARGINS:

COUNTRY	EXPORTER/PRODUCER	DUMPING MARGINS
Mexico	Fondo de Empresas Expropiadas del Sector Azucarero (FEESA)	39.54%
	Ingenio Tala S.A. de C.V. and certain affiliated companies of Grupo Azucarero Mexico S.A. de C.V. (collectively, the GAM Group)	47.26%
	All Others	40.76%

NOTE: The cash deposit rates will be reduced by the applicable company-specific export subsidy rates of 0.18 percent for FEESA, 0.17 percent for the GAM Group, and 0.18 percent for All Others found in the preliminary determination of the companion CVD investigation.

CASE CALENDAR:

EVENT	DATE
Petitions Filed	**March 28, 2014**
DOC Initiation Date	**April 17, 2014**
ITC Preliminary Determination	**July 1, 2014**
DOC Preliminary Determination	**October 24, 2014**
DOC Final Determination	**March 16, 2015**
ITC Final Determination*	**April 30, 2015**
Issuance of Order**	**May 7, 2015**

NOTE: Commerce preliminary and final determination deadlines are governed by statute. For AD investigations, the deadlines are set forth in sections 733(b) and 735(a) of the Tariff Act of 1930, as amended. These deadlines may be extended under certain circumstances.

*This will take place only in the event of a final affirmative determination by Commerce.

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IMPORT STATISTICS:

MEXICO	2011	2012	2013
Volume (metric tons)	1,389,000	941,000	2,065,000
Value (USD)	$1,202,020,000	$809,077,000	$1,065,923,000

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 1701.12.1000, 1701.12.5000, 1701.13.1000, 1701.13.5000, 1701.14.1000, 1701.14.5000, 1701.91.1000, 1701.91.3000, 1701.99.1025, 1701.99.1050, 1701.99.5025, 1701.99.5050, and 1702.90.4000.) Prior to 2012, imports of sugar were also entered under HTSUS 1701.11.1000, 1701.11.5000, 1701.99.1020, 1701.99.1030, 1701.99.5020, and 1701.99.5030, which are reflected in the above import statistics for 2011.