

FACT SHEET

Commerce Preliminarily Finds Countervailable Subsidization of Imports of Sugar from Mexico

- On August 26, 2014, the Department of Commerce (Commerce) announced its affirmative preliminary determination in the countervailing duty (CVD) investigation of imports of sugar from Mexico.
- The CVD law provides U.S. business and workers with a transparent and internationally accepted mechanism to seek relief from the market distorting effects caused by injurious subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of CVD investigations, countervailable subsidies are financial assistance from foreign governments that benefit the production of goods from foreign companies and are limited to specific enterprises or industries, or are contingent either upon export performance or upon the use of domestic goods over imported goods.
- Commerce calculated a preliminary subsidy rate of 17.01 percent for mandatory respondent Fondo de Empresas Expropiadas del Sector Azucarero (FEESA) and 2.99 percent for mandatory respondent Ingenio Tala S.A. de C.V. and certain other cross-owned companies of Grupo Azucarero Mexico S.A. de C.V. (collectively, the GAM Group). All other producers/exporters in Mexico have been assigned a preliminary subsidy rate of 14.87 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.
- 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 C₁₂H₂₂O₁₁, the International Union of Pure and Applied Chemistry International Chemical Identifier (InChl) for sucrose is 1S/C12H22O11/c13-1-4-6(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 also 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.

NEXT STEPS

- Commerce is scheduled to announce its final determination in this investigation on or about January 7, 2015, unless the statutory deadline is extended.
- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (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 a CVD order. If either Commerce's or the ITC's final determination is negative, no CVD order will be issued. The ITC is scheduled to make its final injury determination approximately 45 days after Commerce issues its final determination, if affirmative.

PRELIMINARY SUBSIDY RATES:

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
Mexico	Fondo de Empresas Expropiadas del Sector Azucarero	17.01%
	Ingenio Tala S.A. de C.V. and certain other cross-owned companies of Grupo Azucarero Mexico S.A. de C.V. (collectively, the GAM Group)	2.99%
	All others	14.87%

CASE CALENDAR:

EVENT	DATE	
Petition Filed	March 28, 2014	
DOC Initiation Date	April 17, 2014	
ITC Preliminary Determination	May 9, 2014	
DOC Preliminary Determination	August 25, 2014	
DOC Final Determination*	January 7, 2015	
ITC Final Determination**	February 23, 2015†	
Issuance of Order***	March 2, 2015†	

NOTE: Commerce preliminary and final determination deadlines are governed by statute. For CVD investigations, the deadlines are set forth in sections 703(b) and 705(a)(1) of the Tariff Act of 1930, as amended.

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.

[†]Where the deadline falls on a weekend/holiday, the appropriate date is the next business day.

^{*} This deadline may be extended under the governing statute.

^{**}This will take place only in the event of a final affirmative determination from Commerce.

^{***}This will take place only in the event of a final affirmative determination from Commerce and the ITC.