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# Hughes Hubbard & Reed

## Hughes Hubbard Secures Critical ITC Ruling for Mexican Steel Exporter

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One Battery Park Plaza • New York, New York 10004-1482 • +1 (212) 837-6000

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**March 9, 2020** — The firm obtained a critical ruling for the Mexican subsidiary of North American metals maker Cornerstone Building Brands in a dispute with U.S. steel producers over their allegations that certain imports of fabricated structural steel (FSS) are harming them.

On Feb. 25, the U.S. International Trade Commission (ITC) ruled that FSS imports from Mexico, Canada and China do not hurt U.S. manufacturers, thus invalidating the antidumping (AD) and countervailing (CVD) duties calculated by the U.S. Department of Commerce.

Headquartered in Cary, N.C., Cornerstone is the largest manufacturer of exterior building products in North America, employing over 21,000 staff who serve residential and commercial customers across the continent. FSS products, such as beams, columns and girders, are used primarily in building construction.

The case started in February 2019, when the American Institute of Steel Construction (AISC), a trade association representing U.S. structural steel manufacturers, filed a petition against imports of FSS from Mexico, Canada and China. The steel produced and shipped by Cornerstone subsidiary Building Systems de Mexico -- which fabricates steel frames and purlins for pre-engineered metal building systems -- were deemed subject to the petition's scope.

AISC claimed in its petition that the Mexican, Canadian, and Chinese exporters of FSS were benefiting from government subsidies and selling their products to unaffiliated U.S. customers at "less than fair value," and that American steel companies were thereby forced to lower their prices, resulting in lost revenue and lost sales.

In March 2019, the ITC preliminarily determined that there was "reasonable indication" the U.S. steel industry was being harmed by the imported products. This prompted a separate probe into the matter by Commerce, which slapped preliminary AD and CVD duties on FSS imports from Mexico and China later that year.

In January 2020, Commerce issued final determinations announcing the AD and/or CVD duties to be imposed on FSS imports from Mexico, Canada and China. While some exporters were hit with very high duty rates (some above 100%), for Cornerstone's Mexican subsidiary Commerce calculated an antidumping duty rate of 8.47% and a countervailing duty rate of zero. (HHR handled the representation before Commerce as well.)

The ITC's final negative injury determination means that all cash deposits that have been collected by U.S. Customs and Border Protection from the importers affected by the case will be refunded to them. The Commission is expected to issue its written views providing the rationale for the decision on March 16.

Matt Nicely led the HHR team representing Cornerstone, which included Dean Pinkert, Daniel Witkowski, and trade specialists Deborah Flinn and Fahri Abduhalikov.

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**Matthew R. Nicely**



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