Utility Scale Wind Towers from China and Vietnam

Investigation Nos. 701-TA-486 and 731-TA-1195-1196 (Preliminary)

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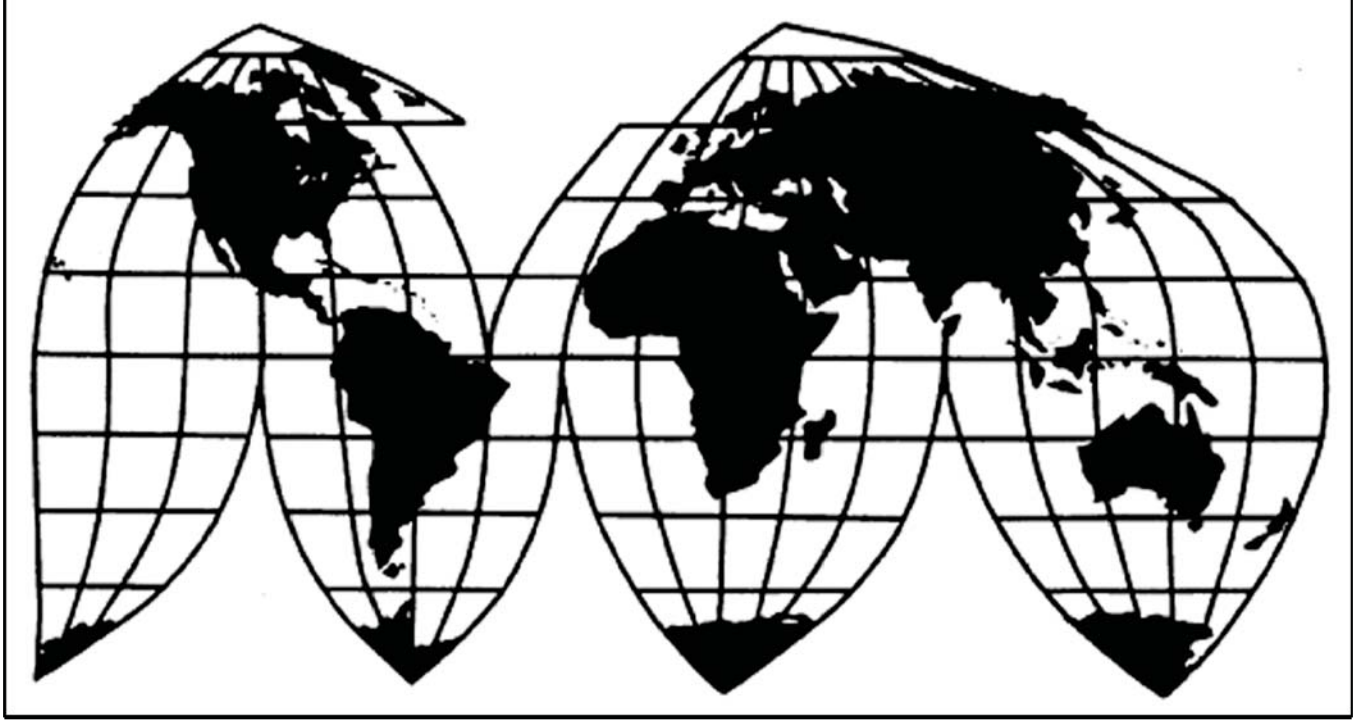
U.S. International Trade Commission



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U.S. International Trade Commission

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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-486 and 731-TA-1195-1196 (Preliminary)

UTILITY SCALE WIND TOWERS FROM CHINA AND VIETNAM

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission (Commission) determines,[2] pursuant to sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. §§ 1671b(a) and 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports from China of utility scale wind towers, provided for in subheading 7308.20.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV) and that are alleged to be subsidized by the Government of China. The Commission further determines,[2] pursuant to sections 733(a) of the Act (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports from Vietnam of utility scale wind towers, provided for in subheading 7308.20.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at LTFV.

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the Department of Commerce (Commerce) of affirmative preliminary determinations in the investigations under sections 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under section 705 (a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On December 29, 2011, a petition was filed with the Commission and Commerce by Broadwind Towers, Inc., Manitowoc, WI; DMI Industries, Fargo, ND; Katana Summit LLC, Columbus, NE; and Trinity Structural Towers, Inc., Dallas, TX, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of utility scale wind towers from China and Vietnam. Accordingly, effective December 29, 2011, the Commission instituted antidumping duty investigation Nos. 701-TA-486 and 731-TA-1195-1196 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of January 6, 2012 (77 FR 805). The conference was held in Washington, DC, on January 19, 2012, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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[1] The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

[2] Chairman Deanna Tanner Okun not participating.

VIEWS OF THE COMMISSION

Based on the record in the preliminary phase of these investigations, we find a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of utility scale wind towers ("wind towers") from China that are allegedly subsidized and sold in the United States at less than fair value and imports of wind towers from the Socialist Republic of Vietnam ("Vietnam") that are allegedly sold in the United States at less than fair value.[1]

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[2] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[3]

II. BACKGROUND

The Wind Tower Trade Coalition, consisting of Broadwind Towers, Inc. of Manitowoc, Wisconsin; DMI Industries of Fargo, North Dakota; Katana Summit LLC of Columbus, Nebraska; and Trinity Structural Towers, Inc. of Dallas, Texas (collectively "Petitioners") filed the petitions in these investigations on December 29, 2011. They participated in the staff conference and filed a postconference brief. Two other groups participated in the staff conference and filed postconference briefs: The China Chamber of Commerce for Import & Export of Machinery & Electronic Products; Chengxi Shipyard Co., Ltd.; Titan Wind Energy (Suzhou) Co.; Ltd.; Shanghai Taisheng Wind Power Equipment Co., Ltd.; CS Wind Tech Co., Ltd.; and CS Wind Vietnam Co., Ltd. (collectively, "Foreign Respondents") and importer and purchaser Siemens Energy, Inc. and Siemens Power Generation ("Siemens"). Importer and purchaser GE Generators (Pensacola), LLC ("GE") filed a non-confidential written statement pursuant to Commission Rule 207.15.

U.S. industry data are based on the questionnaire responses of six U.S. producers that accounted for the vast majority of U.S. production of wind towers during 2010.[4] U.S. import data are based on questionnaire responses from importers whose imports are believed to account for the great majority of subject imports over the period of investigation.[5]

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[1] Chairman Deanna Tanner Okun did not participate in these investigations.

[2] 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); Aristech Chem. Corp. v. United States, 20 CIT 353, 354-55 (1996). No party argued that the establishment of an industry is materially retarded by reason of the allegedly unfairly traded imports.

[3] American Lamb Co., 785 F.2d at 1001; see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[4] Confidential Staff Report, Memorandum INV-KK-011, February 6, 2012 (as amended by Memorandum INV-KK-013, February 9, 2012) ("CR") at I-4; Public Report, Utility Scale Wind Towers from China and Vietnam, Inv. Nos. 701-TA-486 and 731-TA-1195-1196 (Preliminary), USITC Pub 4304 (February 2012) ("PR") at I-3.

[5] CR at IV-1, PR at IV-1. The Foreign Respondents ask the Commission to rely on questionnaire data and contend that foreign producer questionnaires are an accurate reflection of import levels. Foreign Respondents' (continued...)

Commission staff obtained bid pricing data from U.S. producers and the *** (GE and Siemens) of subject imports during the period.[6] These two *** (who are also end users) of wind towers accounted for *** of subject imports during the period January 2008 to September 2011.[7]

The Commission received questionnaire responses from three Chinese producers of the subject product believed to account for *** percent of subject imports from China in 2010 and *** percent of Chinese production of wind towers.[8] The Commission received a questionnaire response from one Vietnamese producer of the subject product believed to account for *** subject imports from Vietnam in 2010, and *** percent of Vietnamese production of wind towers.[9]

III. DOMESTIC LIKE PRODUCT

A. In General

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[10] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[11] In turn, the Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation ... ."[12]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[13] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[14] The

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[5] (...continued)
Postconference Brief at 4-5. They question the accuracy of official import statistics even after January 2011, when wind towers received their own discrete HTS category. Id. at 5.

[6] CR at V-4, PR at V-3.

[7] CR at V-4, PR at V-3.

[8] CR at VII-6, PR at VII-5.

[9] CR at VII-11 and VII-11 n.19, PR at VII-8 and VII-8 n.19.

[10] 19 U.S.C. § 1677(4)(A).

[11] 19 U.S.C. § 1677(4)(A).

[12] 19 U.S.C. § 1677(10).

[13] See, e.g., Cleo, Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

[14] See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

Commission looks for clear dividing lines among possible like products and disregards minor variations.[15] Although the Commission must accept the U.S. Department of Commerce's ("Commerce") determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value,[16] the Commission determines what domestic product is like the imported articles Commerce has identified.[17] The Commission must base its domestic like product determination on the record in these investigations. The Commission is not bound by prior determinations, even those pertaining to the same imported products, but may draw upon previous determinations in addressing pertinent domestic like product issues.[18]

B. Product Description

In its notices of initiation, Commerce defined the imported merchandise within the scope of these investigations as:

> certain wind towers, whether or not tapered, and sections thereof. Certain wind towers are designed to support the nacelle and rotor blades in a wind turbine with a minimum rated electrical power generation capacity in excess of 100 kilowatts and with a minimum height of 50 meters measured from the base of the tower to the bottom of the nacelle (*i.e.*, where the top of the tower and nacelle are joined) when fully assembled.
>
> A wind tower section consists of, at a minimum, multiple steel plates rolled into cylindrical or conical shapes and welded together (or otherwise attached) to form a steel shell, regardless of coating, end-finish, painting, treatment, or method of manufacture, and with or without flanges, doors, or internal or external components (*e.g.*, flooring/decking, ladders, lifts, electrical buss boxes, electrical cabling, conduit, cable harness for nacelle generator, interior lighting, tool and storage lockers) attached to the wind tower section. Several wind tower sections are normally required to form a completed wind tower.
>
> Wind towers and sections thereof are included within the scope whether or not they are joined with nonsubject merchandise, such as nacelles or rotor blades, and whether or not they have internal or external components attached to the subject merchandise.

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[15] Nippon, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249 at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[16] See, e.g., USEC, Inc. v. United States, 34 Fed. Appx. 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); Algoma Steel Corp. v. United States, 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), aff'd, 865 F.3d 240 (Fed. Cir.), cert. denied, 492 U.S. 919 (1989).

[17] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Cleo, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); Torrington, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

[18] See, e.g., Acciai Speciali Terni S.p.A. v. United States, 118 F. Supp. 2d 1298, 1304-05 (Ct. Int'l Trade 2000); Nippon, 19 CIT at 455; Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169 n.5 (Ct. Int'l Trade 1988); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1087-88 (Ct. Int'l Trade 1988).

> Specifically excluded from the scope are nacelles and rotor blades, regardless of whether they are attached to the wind tower. Also excluded are any internal or external components which are not attached to the wind towers or sections thereof.[19]

Wind towers are large tubular steel towers that support wind turbine nacelles. Wind turbines convert the mechanical energy of wind to electrical energy and are comprised of three main components: the nacelle, rotor, and tower. The nacelle houses the wind turbine's main power generation components: the gearbox, generator, and other components, while the rotor typically consists of three blades and the hub. The nacelle sits on top of the wind tower: the tall, steel tower that is 50 or more meters in height. Wind turbines and the associated wind towers are typically installed as part of a larger wind project, also known as a wind farm.[20]

As the above scope language makes clear, wind towers within the scope of the investigations are those 50 or more meters tall and designed to support the nacelle and rotor blades in a wind turbine with a minimum rated electrical power generation capacity in excess of 100 kilowatts. These are known in the industry as "utility scale" wind towers.[21] Both the size of wind towers and the generating capacity of the associated wind turbines have increased in recent years.[22] Wind towers installed in 2000 had an average capacity of 880 kw and an average height of 58.2 meters, while those installed in 2010 had an average capacity of 1,790 kw and an average height of 79.8 meters.[23] Wind towers are made to purchasers' specifications on a project-by-project basis.[24]

C. Arguments and Analysis

Petitioners argue that the Commission should define a single domestic like product in a manner that is coextensive with the product description contained in Commerce's scope definition.[25] Although the Foreign Respondents accept Petitioners' proposed definition of the domestic like product, Siemens argues that the Commission should treat all wind towers designed for Siemens as a separate like product.[26] Though it acknowledges that each like product determination is sui generis, it claims that these investigations present facts similar to those of Certain Potassium Phosphate Salts from China, Inv. Nos.

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[19] Utility Scale Wind Towers from the People's Republic of China and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations, 77 Fed. Reg. 3440 (January 24, 2012); Utility Scale Wind Towers from the People's Republic of China: Initiation of Countervailing Duty Investigation, 77 Fed. Reg. 3447 (January 24, 2012). Commerce's notices indicate that the products subject to these investigations are currently classified in the Harmonized Tariff Schedule of the United States (''HTSUS'') under subheadings 7308.20.0020 or 8502.31.0000. Wind towers are classified under HTSUS 7308.20.0020 when imported as a tower or tower section(s) alone. Wind towers may also be classified under HTSUS 8502.31.0000 when imported as part of a wind turbine (i.e., accompanying nacelles and/or rotor blades). Id. at 3450 nn. 5 & 6. Commerce notes that, although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise is dispositive. Id. at 3450. Prior to 2011, merchandise covered by these investigations was classified in the HTSUS under subheading 7308.20.0000. Id.

[20] CR at I-10, PR at I-8.

[21] Petition at 1 n.1.

[22] CR at I-8 to I-9, I-11, PR at I-6 to I-8.

[23] CR/PR at Figs. I-2 and I-4.

[24] CR at I-14, PR at I-11.

[25] Petitioners' Postconference Brief at 6.

[26] Foreign Respondents' Postconference Brief at 3; Siemens' Postconference Brief at 34.

701-TA-473 and 731-TA-1173 (Final), in which the Commission found different phosphate salts to be separate like products.[27]

The record indicates that it is appropriate to define a single like product coextensive with the scope of the investigations.

Physical Characteristics and End Uses. Although wind towers are built to each OEM's[28] particular specification, they all share basic physical characteristics. All are tubular steel towers with components such as doors, ladders, flooring, cables and wiring, and lights typically attached to the inner diameter of the welded steel plates.[29] Wind towers vary in size and are built to a number of specifications, such as steel, welding, coating, and quality inspection standards that carry over from one OEM to the next. OEMs, such as Siemens, may have certain specifications that differ from the standard specifications, but the standards are general to the industry and have been adopted by most manufacturers.[30] While Siemens emphasizes that the wind towers it purchases are unique, the record does not indicate the significance of any such differences for Siemens' towers. The record indicates that every OEM has particular specifications it requires manufacturers to meet for a particular wind project's wind towers.[31]

With respect to uses for wind towers, the record indicates that all wind towers are exclusively used as part of wind turbines for supporting and elevating the nacelle and blades for the generation of electricity. The record indicates no differences between Siemens' wind towers and other OEMs' wind towers in this regard.[32]

Interchangeability. Because wind towers are built to each of the OEM's specifications, they are typically not interchangeable with each other.[33] Those produced by different domestic producers to one particular OEM's specifications would, however, be interchangeable.[34] This is the case for wind towers produced for Siemens and other OEMs.

Channels of Distribution. All wind towers are sold directly to the OEMs, which incorporate them into wind turbines.[35] The record does not indicate a difference in channels of distribution for wind towers produced for Siemens versus those produced for other OEMs, other than the fact that Siemens' wind

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[27] Siemens' Postconference Brief at 37.

[28] "OEM" stands for "original equipment manufacturer," and as used in the industry refers to wind turbine manufacturers. The leading OEMs in the U.S. market include Gamesa, GE, Mitsubishi Power, Siemens, Suzlon, and Vestas Wind. CR at I-3 to I-4, PR at I-3.

[29] Petition at 15; Tr. at 27 (Janda).

[30] Petitioners' Postconference Brief, Exhibit 1 at 13.

[31] CR at I-14, PR at I-11; Tr. at 15-16 (Feldman); 86-87 (Janda). The legislative history indicates that the purpose of defining a like product is to "delimit[] the U.S. industry to be examined by the ITC in making its [material injury] determination . . . ." S. Rep. No. 249, 96th Cong., 1st Sess. at 90 (1979). See 19 U.S.C. § 1677(4) & (10) (like product defining relevant domestic industry). Given that domestic producers of wind towers routinely adapt their production to meet purchasers' specifications, which in fact may vary from project to project, it would be contrary to legislative intent to treat physical differences of the sort raised by Siemens as support for finding more than one domestic like product. Differences readily accommodated by producers do not serve to delimit the U.S. industry in any meaningful way. Siemens' argument would effectively require the finding of separate like products for virtually every wind tower project. See generally, S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

[32] CR at I-8, PR at I-6.

[33] CR at I-14, PR at I-11; Petition at 16.

[34] Tr. at 19 (Price). The record reflects numerous instances in which a single OEM awarded contracts to build identical wind towers for a single wind farm project to more than one tower producer. CR/PR at Tables V-1 and V-3.

[35] CR at II-4, PR at II-3.

towers are only purchased by Siemens. All wind towers are typically sold on an ex works basis with the OEMs arranging the transportation to the wind project site.[36]

Manufacturing Facilities, Production Processes, and Employees. All wind towers are made in similar manufacturing facilities, using similar production processes, and employees. Wind towers produced for Siemens are produced by the same domestic producers producing wind towers for other OEMs. There is no indication in the record that Siemens' wind towers are produced in facilities dedicated only to the production of wind towers for Siemens.[37] It is uncertain, however, to what extent other OEMs have employees present at the wind tower manufacturing facility, as Siemens claims is true for its towers. All wind towers are produced by similar production methods utilizing carbon steel plate welded into "cans" and then sections, before transportation to the wind project site for final assembly into wind towers.[38]

Producer and Customer Perceptions. All wind towers are perceived as a distinct product category. The record does not indicate that Siemens' wind towers are perceived as a separate product because Siemens' towers are designed to unique specifications.[39] All wind towers are produced to an OEM's particular specifications.[40]

Price. The record does not indicate any differences in the prices of Siemens' wind towers or those produced for other OEMs. Rather, the data suggest they are comparably priced.[41]

Conclusion. The record indicates that all wind towers, regardless of the OEM design, share common physical characteristics and uses, channels of distribution, manufacturing facilities, production processes employees, and producer and customer perceptions. Wind towers are made to order based on a purchaser's specification for a particular wind project, and multiple domestic producers may produce wind towers to a particular design. Variations in wind tower designs include size, steel standards, welding standards, and the components included in the wind towers by the manufacturer. Such variations constitute only minor differences that are not an appropriate basis for a separate domestic like product.[42]

Although there is a lack of interchangeability among wind towers produced to different OEMs' design specifications, limited interchangeability among wind tower designs comprising a continuum is not unexpected for made-to-order products and does not override our analysis of other like product factors.[43] Therefore, for purposes of the preliminary phase of these investigations, we define a single domestic like product that is coextensive with the scope of the investigations.

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[36] CR at V-3, PR at V-2; Tr. at 91 (Cole).

[37] See CR/PR at Tables V-1, V-2, and V-3; Siemens' Postconference Brief at 36.

[38] See CR/PR at Fig. I-5.

[39] CR at I-19, PR at I-16.

[40] Tr. at 8 (Price).

[41] See CR/PR at Tables V-1, V-2, and V-3.

[42] See Certain Steel Nails from China and the United Arab Emirates, Inv. Nos. 731-TA-1114-1115 (Preliminary), USITC Pub. 3939 at 8 (Aug. 2007); Carbon and Certain Alloy Steel Wire Rod from China, Germany, and Turkey, Inv. Nos. 731-TA-1099-1101 (Preliminary), USITC Pub. 3832 (Jan. 2006) at 11.

Siemens' reliance on the Phosphate Salts investigations is misplaced. Although the Commission found separate like products in Phosphate Salts, the facts were very different from the facts in these investigations. The separate like products in Phosphate Salts were different chemical compounds with different chemical formulas. Each like product had different properties and physical characteristics, performed different functions, and served different end uses. See Certain Potassium Phosphate Salts from China Inv. Nos. 701-TA-473 and 731-TA-1173 (Final) USITC Pub. 4171 (July 2010) at 6-7.

[43] See, e.g., Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final), USITC Pub. 4022 (July 2008) at 6.

IV. DOMESTIC INDUSTRY

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[44] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to 19 U.S.C. § 1677(4)(B). The statute provides that "[i]f a producer of a domestic like product and an exporter or importer of the subject merchandise are related parties, or if a producer of the domestic like product is also an importer of the subject merchandise, the producer may, in appropriate circumstances, be excluded from the industry."[45] Exclusion of such producers is within the Commission's discretion based upon the facts presented in each investigation.

The record indicates that one domestic producer is subject to possible exclusion under the related parties provision. *** imported subject merchandise from China and Vietnam during the period of investigation and therefore is a related party under the statute. Petitioners and the respondents agree that it is not appropriate to exclude *** as a related party.[46]

***.[47] Although it relied entirely on imported wind towers earlier in the period of investigation, *** began production of wind towers in ***.[48] It reported that it has taken a ***.[49] *** was the *** domestic producer during 2010, accounting for *** percent of domestic production.[50] Its ratio of total subject imports to domestic production was *** percent in 2010, and *** percent during the first nine months of 2011, which indicates a substantial interest in domestic production.[51] We also note that *** ratio of operating income to net sales was *** percent in 2010, *** percent in the first nine months of 2010, and *** percent in the first nine months of 2011.[52] [53] [54] Its performance was *** than the industry average. There is no indication that its imports shielded *** from subject imports or otherwise skewed its performance given its performance relative to the rest of the domestic industry.

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[44] 19 U.S.C. § 1677(4)(A).

[45] 19 U.S.C. § 1677(4).

[46] Petitioners' Postconference Brief at 7; Foreign Respondents' Postconference Brief at 17.

[47] CR/PR at Table IV-1 n.10.

[48] CR/PR at Table III-6.

[49] CR at III-18, PR at III-11.

[50] CR/PR at Table III-3.

[51] ***. CR/PR at Table III-9.

[52] CR/PR at Table VI-2. Only data for the first nine months of 2011 are available in these investigations, and we have evaluated data for this period (the "interim period") relative to data over the same period the prior year.

[53] Consistent with her practice in past investigations and reviews, Commissioner Aranoff does not rely on individual-company operating income margins, which reflect a domestic producer's financial operations related to production of the domestic like product, in assessing whether a related party has benefitted from importation of subject merchandise. Rather, she determines whether to exclude a related party based principally on its ratio of subject imports to domestic production and whether its primary interests lie in domestic production or importation.

[54] Commissioner Pinkert does not rely upon *** financial performance as a factor in determining whether there are appropriate circumstances to exclude it from the domestic industry in these investigations. The record is not sufficient in this preliminary phase to infer from its U.S. operations whether it has derived a specific benefit from importing. See Allied Mineral Products v. United States, 28 CIT 1861, 1865-67 (2004).

We also note that *** the petition and no party argues for its exclusion from the domestic industry. We therefore find that appropriate circumstances do not exist to exclude *** and define the domestic industry to include all U.S. producers of wind towers.

V. CUMULATION[55]

A. Legal Framework

Because our determinations address the issue of threat of material injury by reason of subject imports, we must consider whether to cumulate subject imports from China and Vietnam for purposes of our threat analysis. In contrast to cumulation for material injury, cumulation for a threat analysis is discretionary. Under section 771(7)(H) of the Tariff Act, the Commission may "to the extent practicable" cumulatively assess the volume and price effects of subject imports from all countries as to which petitions were filed on the same day if the requirements for cumulation in the material injury context are satisfied.[56]

In these investigations, the threshold criterion is satisfied because petitioners filed the antidumping duty petition with respect to China and Vietnam and the countervailing duty petition with respect to China on the same day. None of the cumulation exceptions apply.[57] Subject imports from China and Vietnam are therefore eligible for cumulation. We consequently examine whether there is a reasonable overlap of competition between subject imports from China and Vietnam, as well as between subject imports and the domestic like product.[58] We then discuss whether it is appropriate to exercise our discretion to cumulate the subject imports for purposes of our threat analysis.

B. Reasonable Overlap of Competition

In assessing whether subject imports compete with each other and with the domestic like product, the Commission has generally considered four factors, including the following:

(1) the degree of fungibility between the subject imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
(2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;

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[55] Negligibility under 19 U.S.C. § 1677(24) is not an issue in these investigations. During 2008-2010 HTS category 7308.20.0000 included merchandise other than wind towers, but in January 2011, the HTS category was narrowed to primarily contain wind towers only. As a result, only 11 months of import data based on official import statistics that accurately reflect import volume are available. These data indicate that from January 2011- November 2011, the 11-month period prior to the filing of the petitions, subject imports from China and Vietnam constituted 49.9 percent and 16.1 percent of total imports of wind towers by quantity, respectively. The pertinent import shares based on questionnaire data are comparable for the 12-month period prior to the filing of the petitions. See CR at IV-6, IV-6 n.13, PR at IV-5, IV-5 n.13. Because these figures exceed the three percent statutory negligibility threshold, we conclude that subject imports from China and Vietnam are not negligible.

[56] 19 U.S.C. § 1677(7)(H).

[57] See 19 U.S.C. § 1677(7)(G)(ii).

[58] Petitioners argue that there is an overlap of competition between the subject imports from each country and domestic wind towers. Petitioners' Postconference Brief at 17-19. Respondent Siemens did not directly address cumulation, and the Foreign Respondents accepted Petitioners' position that there is a reasonable overlap of competition. See Foreign Respondents' Postconference Brief at 4.

(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
(4) whether the subject imports are simultaneously present in the market.[59]

Although no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[60] Only a "reasonable overlap" of competition is required.[61]

1. Fungibility

There is a reasonable degree of fungibility among the subject imports from each country and the domestic like product. The questionnaire responses indicate that market participants perceive domestic wind towers and the subject imports to be interchangeable. All five responding producers, three of five importers of the subject merchandise from China, and one of two importers of the subject merchandise from Vietnam indicated that subject imports from each country are always interchangeable with domestically produced wind towers.[62] All three responding domestic producers indicated that subject imports from China are always interchangeable with subject imports from Vietnam.[63]

2. Geographic Overlap

While the supplier's geographic location can affect the total delivered cost of a wind tower to a particular customer, as discussed further below, the evidence in these preliminary phase investigations indicates that the subject imports from China and Vietnam and domestic wind towers are marketed and shipped nationwide.[64] Three U.S. producers reported that their sales were throughout the continental United States.[65] Subject imports were competitive across most regions of the United States,[66] and U.S.

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[59] See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Invs. Nos. 731-TA-278 to 280 (Final), USITC Pub. 1845 (May 1986), aff'd, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

[60] See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[61] The Statement of Administrative Action ("SAA") states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." SAA on Uruguay Round Agreements Act ("URAA"), H.R. Rep. 103-316, Vol. I at 848 (1994) (citing Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int'l Trade 1988)), aff'd, 859 F.2d 915 (Fed. Cir. 1988). See also, e.g., Goss Graphic Sys., Inc. v. United States, 33 F. Supp. 2d 1082, 1087 (Ct. Int'l Trade 1998) ("cumulation does not require two products to be highly fungible"); Wieland Werke, AG, 718 F. Supp. at 52 ("Completely overlapping markets are not required.").

[62] CR/PR at Table II-1.

[63] CR/PR at Table II-1. No importers compared subject imports from China with those from Vietnam.

[64] See CR at II-4 to II-5, PR at II-3; CR/PR at Fig. III-1 (nineteen facilities nationwide producing wind towers). Domestic producers' production facilities are concentrated in the Midwest, Oklahoma and Texas. CR at III-1, PR at III-1.

[65] See CR at II-4 to II-5, IV-7, PR at II-3, IV-5 to IV-6. Of the four responding producers that sell wind towers, one sells throughout the continental United States plus Alaska, Hawaii, and Puerto Rico, two sell throughout the continental United States, and one sells in all areas of the United States except the Southeast and the Pacific. See also Petitioners' Postconference Brief at 19 n.90 (citing ***).

[66] See CR/PR at Tables V-1 and V-3.

imports of wind towers from China and Vietnam entered multiple U.S. ports of entry, although they were concentrated on the west coast.[67]

3. Channels of Distribution

OEMs purchase domestically produced wind towers and the subject imports directly from domestic and foreign producers.[68]

4. Simultaneous Presence

Domestically produced wind towers were present throughout 2008-2010 and the first three quarters of 2011.[69] Importers' questionnaires show that shipments of subject imports from China and Vietnam were also present throughout the same period.[70]

5. Conclusion

Based on the record, we conclude that there is a reasonable overlap of competition among the subject imports from China and Vietnam and the domestic like product.

C. Whether to Exercise our Discretion to Cumulate the Subject Imports

Petitioners argue that cumulation in the context of threat of material injury is appropriate in these investigations. They observe that CS Wind is a major wind tower producer in both China and Vietnam, and CS Wind China and CS Wind Vietnam export wind towers to the U.S. market. As a result of the common ownership, Petitioners believe that CS Wind can shift production and exports between its Chinese and Vietnamese facilities.[71] Respondents do not address cumulation for purposes of threat of material injury.

There is no information on the record to suggest that the reasonable overlap of competition between and among subject imports and the domestic like product will not continue into the imminent future.[72] The volume of subject imports from each subject country showed a decline each year from 2008 to 2010.[73] In the first nine months of 2011, subject imports from both China and Vietnam increased sharply.[74] In addition, CS Wind, a major exporter, owns production facilities in both China and Vietnam.[75] Such common ownership suggests that exports of subject wind towers from both countries can be coordinated. Nor does the record establish any distinctions to justify declining to cumulate the

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[67] CR at IV-7, PR at IV-5 to IV-6.

[68] CR at II-4, PR at II-3.

[69] See CR/PR at Table IV-4 (indicating shipments of domestically produced wind towers during 2008-2010, and the first nine months of 2011).

[70] See CR/PR at Table IV-4 (indicating shipments of subject imports during 2008-2010, and the first nine months of 2011).

[71] Petitioners' Postconference Brief at 19-20.

[72] In determining whether to exercise his discretion to cumulate subject imports for purposes of analyzing threat of material injury, Commissioner Pinkert focuses on volume and price trends.

[73] See CR/PR at Table IV-2.

[74] See CR/PR at Table IV-2.

[75] See CR at VII-7 and VII-11, PR at VII-5 and VII-7.

subject imports.[76] Given these circumstances and absent contrary argument by Respondents, we find that it is appropriate to exercise our discretion to cumulate subject imports from China and Vietnam.

We therefore cumulatively assess the volume and effects of subject imports from China and Vietnam in analyzing threat of material injury.

VI. REASONABLE INDICATION OF THREAT OF MATERIAL INJURY BY REASON OF CUMULATED SUBJECT IMPORTS

A. Legal Standards

1. In General

In the preliminary phase of antidumping or countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[77] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[78] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[79] In assessing whether there is a reasonable indication that the domestic industry is materially injured or threatened with material injury by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[80] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[81]

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is materially injured or threatened with material injury "by reason of" unfairly traded imports,[82] it does not define the phrase "by reason of," indicating that this aspect of the injury analysis is left to the Commission's reasonable exercise of its discretion.[83] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause

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[76] The bid data on the record do not demonstrate a clear trend in wind tower pricing for either subject imports from China or Vietnam. Therefore, pricing trends are not probative in this preliminary phase in determining whether to cumulate subject imports from China and Vietnam in our threat of material injury analysis.

[77] 19 U.S.C. §§ 1671b(a), 1673b(a).

[78] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... {a}nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[79] 19 U.S.C. § 1677(7)(A).

[80] 19 U.S.C. § 1677(7)(C)(iii).

[81] 19 U.S.C. § 1677(7)(C)(iii).

[82] 19 U.S.C. §§ 1671b(a), 1673b(a).

[83] Angus Chemical Co. v. United States, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) ("{T}he statute does not 'compel the commissioners' to employ {a particular methodology}."), aff'g 944 F. Supp. 943, 951 (Ct. Int'l Trade 1996).

of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[84]

In many investigations, there are other economic factors at work, some or all of which may also be having or have adverse effects on the domestic industry. Such economic factors might include nonsubject imports, changes in technology, demand, or consumer tastes, competition among domestic producers, or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[85] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[86] Nor does the "by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors,

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[84] The Federal Circuit, in addressing the causation standard of the statute, observed that "{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement." Nippon Steel Corp. v. USITC, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in Mittal Steel Point Lisas Ltd. v. United States, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that "this court requires evidence in the record 'to show that the harm occurred "by reason of" the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.'" See also Nippon Steel Corp. v. United States, 458 F.3d 1345, 1357 (Fed. Cir. 2006); Taiwan Semiconductor Industry Ass'n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

[85] Statement of Administrative Action ("SAA") on Uruguay Round Agreements Act ("URAA"), H.R. Rep. 103-316, Vol. I at 851-52 (1994) ("{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-249 at 75 (1979) (the Commission "will consider information which indicates that harm is caused by factors other than less-than-fair-value imports."); H.R. Rep. 96-317 at 47 (1979) ("in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;" those factors include "the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry"); accord Mittal Steel, 542 F.3d at 877.

[86] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); Taiwan Semiconductor Industry Ass'n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001) ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports." (emphasis in original)); Asociacion de Productores de Salmon y Trucha de Chile AG v. United States, 180 F. Supp. 2d 1360, 1375 (Ct. Int'l Trade 2002) ("{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury" or make "bright-line distinctions" between the effects of subject imports and other causes.); see also Softwood Lumber from Canada, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that "{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, i.e., it is not an 'other causal factor,' then there is nothing to further examine regarding attribution to injury"), citing Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997) (the statute "does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.").

such as nonsubject imports, which may be contributing to overall injury to an industry.[87] It is clear that the existence of injury caused by other factors does not compel a negative determination.[88]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports" and the Commission "ensure{s} that it is not attributing injury from other sources to the subject imports."[89] [90] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[91]

The Federal Circuit's decisions in Gerald Metals, Bratsk, and Mittal Steel all involved cases where the relevant "other factor" was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit's guidance in Bratsk as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.[92] The additional "replacement/benefit" test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago determination that underlies the Mittal Steel litigation.

Mittal Steel clarifies that the Commission's interpretation of Bratsk was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have "evidence in the record 'to show that the harm occurred 'by reason of' the LTFV imports,'" and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.[93] Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to Bratsk.

The progression of Gerald Metals, Bratsk, and Mittal Steel clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.[94]

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[87] S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

[88] See Nippon Steel Corp., 345 F.3d at 1381 ("an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the 'dumping' need not be the sole or principal cause of injury.").

[89] Mittal Steel, 542 F.3d at 877-78; see also id. at 873 ("While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured 'by reason of' subject imports, the Commission is not required to follow a single methodology for making that determination ... . {and has} broad discretion with respect to its choice of methodology.") citing United States Steel Group v. United States, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75.

[90] Commissioner Pinkert does not join this paragraph or the following three paragraphs.

[91] Nucor Corp. v. United States, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); see also Mittal Steel, 542 F.3d at 879 ("Bratsk did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was 'by reason' of subject imports.").

[92] Mittal Steel, 542 F.3d at 875-79.

[93] Mittal Steel, 542 F.3d at 873 (quoting from Gerald Metals, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission's alternative interpretation of Bratsk as a reminder to conduct a non-attribution analysis).

[94] To that end, after the Federal Circuit issued its decision in Bratsk, the Commission began to present published information or send out information requests in final phase investigations to producers in nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject

(continued...)

The question of whether the material injury or threat of material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard. Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[95]

2. Reasonable Indication of Threat of Material Injury by Reason of Subject Imports

Section 771(7)(F) of the Tariff Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[96] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.[97] In making our determinations, we consider all statutory threat factors that are relevant to these investigations.[98]

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[94] (...continued)
import suppliers). In order to provide a more complete record for the Commission's causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested information in final phase investigations in which there are substantial levels of nonsubject imports.

[95] Mittal Steel, 542 F.3d at 873; Nippon Steel Corp., 458 F.3d at 1350, citing U.S. Steel Group, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

[96] 19 U.S.C. § 1677(7)(F)(ii).

[97] 19 U.S.C. § 1677(7)(F)(ii).

[98] These factors are as follows:

> (I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement) and whether imports of the subject merchandise are likely to increase,
>
> (II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,
>
> (III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,
>
> (IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports,
>
> (V) inventories of the subject merchandise,
>
> (VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.

(continued...)

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is a reasonable indication of threat of material injury by reason of cumulated subject imports.[99]

1. Demand Conditions

Demand for wind towers is derived from demand for the wind turbines used in the generation of electricity. Demand is episodic, driven by the installation of large wind projects. After the project developer or purchaser awards a project to an OEM, the OEM seeks to secure a supply of wind towers for the project.[100] A wind tower accounts for 8 to 25 percent of the total cost of the wind turbine,[101] and large projects, such as Shepherds Flat in Oregon, can require the purchase and delivery of hundreds of wind towers.[102]

There are only a limited number of OEMs in the market for wind towers; GE, Siemens and Vestas accounted for over *** of the wind turbine installations in the United States in 2011.[103] Because the OEMs are often under deadlines and face penalties if turbine installations are not completed on time,

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[98] (...continued)

* * *

> (IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).

19 U.S.C. § 1677(7)(F)(i). To organize our analysis, we discuss the applicable statutory threat factors using the same volume/price/impact framework that applies to our material injury analysis. Statutory threat factors (I), (II), (III), (V), and (VI) are discussed in the analysis of subject import volume. Statutory threat factor (IV) is discussed in the price effects analysis, and statutory threat factor (IX) is discussed in the impact analysis. Statutory threat factor (VII) is inapplicable, as no imports of agricultural products are involved in these investigations. No argument was made that the domestic industry is currently engaging or will imminently engage in any efforts to develop a derivative or more advanced version of the domestic like product, which would implicate statutory threat factor (VIII).

[99] Domestic producer Vestas is integrated and internally consumes wind towers in the production of wind turbines. CR at VI-1 n.2, PR at VI-1 n.2. Although there is captive consumption by one domestic producer, the third criterion of the captive production provision of the statute requires the Commission to examine whether the merchant market purchasers are generally using the domestic like product in the production of the same downstream article or articles as the integrated domestic producer. If the merchant market purchasers are using the domestic like product in the production of the same downstream article or articles as the integrated domestic producer, then the statutory criterion is not satisfied. In this case, wind towers sold in the merchant market are thus used in the production of the same downstream product (wind turbines) for which wind towers are captively consumed by Vestas. Thus, the statutory criterion is not satisfied, and the captive production provision does not apply. See 19 U.S.C. § 1677(7)(C)(iv).

[100] CR at I-3, PR at I-2 to I-3.

[101] CR at II-11, PR at II-7.

[102] GE estimates that Shepherds Flat, which alone required 338 wind towers, accounted for 6.07 percent of total wind towers installed in the United States in 2011. GE's Postconference Statement at Fig.11.

[103] CR at I-4 n.4, PR at I-3 n.4. Other OEMs in the United States include Gamesa, Mitsubishi Power, and Suzlon.

timeliness of delivery of wind towers is an important consideration when OEMs decide on wind tower suppliers for a project.[104]

Government policies, particularly financial incentives, have helped boost demand for wind towers. The production tax credit ("PTC"), a credit of 2.2 cents per kilowatt-hour for the first ten years a wind turbine is in operation, was first passed in the Energy Policy Act of 1992, and has lapsed several times since it first went into effect (although it has been periodically renewed). The PTC is scheduled to expire again at the end of 2012, and for projects to qualify for the PTC, they must be in operation by the end of 2012.[105] The American Recovery and Reinvestment Act of 2009 also made wind projects eligible for the 30 percent investment tax credit ("ITC") if completed by the end of 2012.[106] Firms can also seek to qualify for a newly created cash grant equal to the amount of the ITC. In order to qualify, however, projects must have started construction before the end of 2011, and must be in commercial operation by the end of 2012. The potential expiration of these incentives at the end of 2012 is forecast to lead to a surge in demand for wind towers during 2012 as OEMs rush to complete projects in order to qualify.[107]

In addition to tax credits, wind projects have been eligible for the U.S. Department of Energy loan guarantee program, and several projects, including the Shepherds Flat Project in Oregon, received loan guarantees. The projects were required to start construction by September 30, 2011.[108] At the state level, renewable portfolio standards, which mandate that a certain percentage of electricity comes from renewable sources by a particular date, have also contributed to the growth of wind installations, and consequently demand for wind towers. As of January 2012, 29 states, the District of Columbia, and Puerto Rico had mandatory standards on the percentage of electricity provided from renewable sources, while 8 states had voluntary goals.[109]

Over most of the period, however, other factors led to falling demand for wind towers. Natural gas is a competing source of energy for the generation of electricity. Lower prices for natural gas have suppressed demand for wind turbine installations and, consequently, wind towers over the period.[110] The financial crisis, beginning in 2008, led to tightened credit and a decline in demand for wind towers during 2009-2010, as financing for wind projects became difficult to obtain.[111] The parties agree that the credit crisis was responsible for much of the decline in apparent consumption during the period of investigation, but with the PTC and other incentives expiring in 2012 and the economic recovery underway, demand is increasing and expected to be strong in 2012.[112]

Reflecting these trends, the record indicates that apparent U.S. consumption contracted from 2008 to 2010, but was higher in interim 2011 than during interim 2010. Apparent U.S. consumption of wind towers decreased from 5,338 units in 2008 to 3,698 units in 2009 and then decreased further to 2,858 in 2010. During January-September 2011, apparent U.S. consumption was 2,565 units as compared to 2,030 units in January-September 2010. Apparent U.S. consumption by value followed a similar trend.[113]

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[104] See Tr. at 108 (Hauer). The prevalence and terms associated with such penalties in supply contracts for wind turbines will be further explored in any final phase investigations.

[105] CR at II-1 to II-2, PR at II-1.

[106] CR at II-2, PR at II-1.

[107] See CR/PR at Fig. II-1(forecasting a *** increase in the megawatts of wind turbine installations in 2012 as compared to 2011).

[108] CR at II-2, PR at II-2.

[109] CR at II-2, PR at II-2.

[110] CR at II-10, PR at II-6.

[111] CR at III-9, VI-20, PR at III-7, VI-10; Tr. at 37 (Barczak).

[112] CR at II-10, PR at II-6.

[113] CR/PR at Table IV-5.

2. Supply Conditions

The Commission received questionnaire responses from 6 producers, which are estimated to account for the vast majority of U.S. production in 2010.[114] Two of these domestic producers accounted for almost *** of domestic production in 2010.[115] Domestic production facilities are primarily located in the Midwest, Oklahoma, and Texas, although two are on the West Coast. Four domestic producers have multiple production facilities.[116]

At least in part due to the credit crisis, recession and subsequent recovery in demand, four domestic producers reported shutdowns or curtailments in domestic production during the period examined.[117] On the other hand, five firms expanded or upgraded production facilities.[118] Vestas Towers, which began U.S. wind tower production in 2010, is the only U.S. producer whose overall operations are vertically integrated, and it is *** for the production of wind turbines.[119] Overall, domestic production capacity increased from 2,700 wind towers in 2008 to 3,383 wind towers in 2009, and 3,923 wind towers in 2010.[120]

The domestic industry was the largest source of wind towers in the U.S. market during the period and supplied more than half of the domestic market by the end of the period.[121] Nonsubject imports were the second largest supplier of wind towers to the U.S. market from 2008 to 2010. Nonsubject imports declined and lost market share throughout the period of investigation.[122] Korea was the leading nonsubject source of imports in 2008 and 2009, while Canada was the leading source in 2010.[123] Subject import volume declined from 2008 to 2010; subject imports were, however, higher in interim 2011 than interim 2010.[124] Subject imports replaced nonsubject imports as the second largest source of supply to the U.S. market in interim 2011.[125]

3. Other Conditions

The cost of raw materials (mainly steel plate) and transportation are significant in the wind tower industry. Raw material costs accounted for 57.5 to 66.7 percent of wind powers producers' total costs of goods sold during the period.[126] Transportation costs account for up to 38 percent of the purchaser's ultimate cost of wind towers, due to the size and weight of the wind tower.[127] Purchasers took both sales

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[114] CR/PR at Table III-3. There are fourteen companies with nineteen facilities in the United States that are capable of producing wind towers. CR at III-1, PR at III-1.

[115] CR/PR at Table III-3.

[116] CR at III-1, PR at III-1; CR/PR at Table III-5, Fig III-1.

[117] CR/PR at Table III-6.

[118] CR/PR at Table III-6.

[119] CR at VI-1 n.2, PR at VI-1 n.2.

[120] CR/PR at Table III-4.

[121] See CR/PR at Tables IV-4 and IV-5.

[122] See CR/PR at Tables IV-4 and IV-5.

[123] CR at VII-19, PR at VII-11.

[124] See CR/PR at Table IV-5.

[125] See CR/PR at Table IV-5.

[126] CR at VI-11, PR at VI-6.

[127] CR at V-2, PR at V-1. In any final phase investigations, we will explore further the increasing generating capacity of wind turbines and the shift towards taller wind towers.

price and transportation costs into account when making purchase decisions.[128] Because of overland shipping costs, which are particularly expensive in the case of transport by truck, wind tower producers with facilities in the interior of the country and their customers often face very high transportation costs relative to imports for projects on the Atlantic and Pacific Coasts, Puerto Rico, Hawaii, and Alaska. Similarly, importers often face very high transportation costs when shipping substantial distances inland.[129] As a result, during the period of investigation, domestic producers tended to win sales for project sites located in the Midwest while subject imports mostly competed for sales on the West Coast.[130] Nonetheless, some domestic producers bid and compete nationwide.[131] In particular, it is not uncommon for a domestic producer to offer to locate a new production facility near a large new wind farm project in order to make its delivery cost more competitive.[132]

Sales of wind towers typically occur through a competitive closed bidding and contract award process or ***.[133] OEMs request quotes from wind tower producers, both domestic and foreign, with precise specifications. Producers submit closed bids to the OEMs, detailing the cost of the wind tower and confirming their ability to complete manufacturing within a specified time frame. More than one round of bidding may occur, as the OEMs negotiate lower prices. Although the bidding process is closed, and producers do not have access to other bids, OEMs ***.[134] ***.[135]

The parties agree that there is a qualification process before wind tower producers are permitted to bid on projects.[136] However, Petitioners describe a process that is not overly difficult or involved and often more focused on price, whereas respondents contend that the qualification process is arduous and complex.[137] Respondents maintain that quality assurance, reliability, and available production capacity are the most important factors in qualification.[138]

As wind towers are made to order, there are significant lead times between the time of the contract award and delivery of wind towers to a wind project site. Production usually takes four to six months and delivery occurs on a rolling basis.[139] Responding producers indicated that lead times averaged 84 to 140 days.[140]

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[128] See, e.g., CR/PR at Table V-1 (***

[129] See CR at II-5, PR at II-3.

[130] CR at IV-7, PR at IV-5.

[131] See CR/PR at Tables V-1 and V-3.

[132] The record indicates, for instance, that ***though *** bid was ultimately rejected. The record also indicates that ***CR at VI-13 n.21, PR at VI-7 n.21. We will seek more information concerning how much time and capital is required to build new production facilities in any final phase investigations as well as the preference that wind tower production facilities be located near wind project sites.

[133] Petitioners' Postconference Brief at 8-9.

[134] Petitioners' Postconference Brief at 8-9.

[135] Petitioners' Postconference Brief at 9. Respondents have argued that price plays a secondary role in purchasing decisions, and factors such as reliability, quality and available capacity are the most important considerations. See Foreign Respondents' Postconference Brief at 9; Siemens' Postconference Brief at 17. In any final phase investigations, we intend to explore further the role, if any, that these non-price factors play in purchasing decisions.

[136] Petitioners' Postconference Brief at 10.

[137] Petitioners' Postconference Brief at 10.

[138] Foreign Respondents' Postconference Brief at 9; Siemens' Postconference Brief at 15-16. In any final phase investigation, we will examine further the process by which wind tower producers are qualified.

[139] Tr. at 85 (Cole). Petitioners indicate that it can take as much as a year from the time a bid is awarded to the first shipment of wind towers. Petitioners' Postconference Brief at 8.

[140] CR at II-12, PR at II-7.

Wind towers are sold ex factory in the case of domestic producers and f.o.b. port of export in the case of subject and nonsubject imports.[141] Shipping is arranged by the OEM.[142] Towers are usually shipped from U.S. producers' plants by either truck or rail to the wind project site; barges can also be used, though this is not common.[143]

C. Likely Volume of the Subject Imports[144]

Cumulated subject imports were present in substantial volumes and held a substantial market share at the beginning of the period of investigation; they remained a significant presence in the U.S. market throughout the period, and grew substantially in interim 2011 as compared to interim 2010. The quantity of cumulated subject imports in the U.S. market fell from 993 wind towers in 2008 to 705 wind towers in 2009 and then to 448 wind towers in 2010 as domestic consumption also declined.[145] That trend reversed sharply in the interim comparisons, as subject imports were 280 wind towers in interim 2010 and 703 wind towers in interim 2011.[146]

Subject imports' share of apparent U.S. consumption fluctuated during much of the period of investigation, at 18.6 percent in 2008, 19.1 percent in 2009, and 15.7 percent in 2010, before showing a marked increase from 13.8 percent in interim 2010 as compared to 27.4 percent of the market in interim 2011.[147] The domestic industry's market share increased between 2008 and 2010, and was slightly higher in interim 2011 than in interim 2010.[148] Subject import market share, however, increased much more than domestic market share in the interim period comparisons.[149] The domestic industry and subject imports were each able to grow in market share by displacing nonsubject imports, which fell in market share from 33.7 percent in 2008 to 23.8 percent in 2010, and which were considerably lower in interim 2011 than in interim 2010 (11.7 percent compared to 25.7 percent).[150]

Despite weak demand for most of the period of investigation, subject imports maintained a significant presence in the U.S. market both in absolute terms and relative to domestic consumption and

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[141] CR at V-3; V-4 n.4, PR at V-2, V-3 n.4.

[142] CR at V-3, PR at V-1.

[143] CR at I-16, PR at I-13. In any final phase investigations, we intend to gather more detailed information on the relative costs of various modes of ocean and inland transportation for wind towers.

[144] In its notice initiating a countervailing duty investigation on wind towers from China, Commerce stated it would investigate 33 alleged subsidy programs. These include eight grant programs, three programs concerning government provision of goods and services for less than adequate remuneration, two programs concerning government provision of land for less than adequate remuneration, one program concerning government policy of lending to the renewable energy industry, 13 income and other tax exemption and reduction programs, four indirect tax and tariff exemption programs, one export credit subsidy program, and one export guarantees and insurance for green technology program. 77 Fed. Reg. at 3449. As required by section 771(7)(F)(i)(I) of the Act, we examined the nature of the subsidies in determining whether imports of the subject merchandise are likely to increase as a result of these subsidies. 19 U.S.C. § 1677(7)(F)(i)(I).

[145] See CR/PR at Table C-1. Id.

[146] See CR/PR at Table C-1. Id.

[147] CR/PR at Table C-1.

[148] The domestic industry's market share increased from 47.7 percent in 2008 to 55.6 percent in 2009 and 60.5 percent in 2010. Its share was 60.5 percent in interim 2010 and 60.9 percent in interim 2011. CR/PR at Table C-1. Nonsubject imports' market share fell from 33.7 percent in 2008 to 25.3 percent in 2009 and 23.8 percent in 2010. Its share was 25.7 percent in interim 2010, but only 11.7 percent in interim 2011. Id.

[149] See CR/PR at C-1.

[150] See CR/PR at C-1.

production.[151] Moreover, when demand finally began to recover in interim 2011, subject imports' market share doubled relative to interim 2010, though the increase in market share was at the expense of nonsubject imports.[152]

Demand for wind towers is forecast to increase by over *** percent from 2011 to 2012.[153] The record indicates that much of this increased demand will be met by subject imports and that subject imports will increasingly supply the central portion of the United States at the expense of the domestic producers. Importers reported that they have ordered 1,859 wind towers for delivery between September 30, 2011, and September 30, 2012.[154] Given that subject imports totaled 448 wind towers in 2010 and 703 wind towers in interim 2011, these pending importers' orders indicate the likelihood of substantially increased imports of subject merchandise in the imminent future.[155]

Although the Commission received a response from the Vietnamese producer accounting for the *** of wind tower production in Vietnam, the Commission received a more limited response by Chinese producers to our questionnaires.[156] Thus, our data on the Chinese industry are limited and substantially understates the true size of capacity and production in China.[157] However, even the limited questionnaire responses indicate that the Chinese industry is large and growing and that it exports a significant share of its production.[158] The Vietnamese industry is smaller, but it ***.[159]

Responding Chinese and Vietnamese producers' combined production capacity increased by *** percent over the period of investigation, from *** wind towers in 2008 to *** wind towers in 2010.[160] These producers also projected very substantial increases in capacity in 2011 and 2012.[161] In 2010, the reporting subject producers had excess capacity of *** wind towers, equivalent to *** percent of apparent U.S. consumption in that year.[162] The industries are also significantly export-oriented, with exports

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[151] The ratio of subject imports to U.S. production was *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in interim 2010, and *** percent in interim 2011. CR/PR at Table IV-6.

[152] CR/PR at Table C-1.

[153] CR/PR at Fig. II-1.

[154] CR/PR at Table VII-6. Reporting subject exporters projected exports of *** towers in 2012. CR/PR at Table VII-4. This projection does not include wind towers from all subject producers who exported during the period of investigation, as one foreign producer, *** did not respond to the Commission's questionnaire. CR at VII-6, PR at VII-5. *** CR at VII-4, VII-6, PR at VII-3, VII-5. ***See CR at V-2, PR at V-1.

[155] One ***. Siemens also indicated that domestic supply cannot meet its demand for wind towers, so it will ***. CR at VII-16, PR at VII-9. Domestic producers assert that "[w]hile there can be short-term and isolated supply constraints, the domestic industry has massive unused capacity [and] has demonstrated its willingness to bring on additional capacity when there is sufficient commercial justification." Domestic Producers' Postconference Brief at 16. Foreign Respondents assert that producers have not provided adequate assurances that they have sufficient capacity to make timely deliveries. In any final phase investigations, we will examine more closely the issue of ***. Foreign Respondents' Postconference Brief at 9. See also Siemens' Postconference Brief at 20-29.

[156] In particular, the responding producers account for only an estimated *** percent of total wind tower production in China. CR at VII-6, PR at VII-5.

[157] The record indicates that there are at least 31 Chinese producers of wind towers with capacity greater than 15,600 wind towers per year. CR/PR at Table VII-1. However, only *** were reported to have exported to the United States. CR at VII-4, PR at VII-5.

[158] CR/PR at Table VII-2.

[159] CR/PR at Table VII-3.

[160] CR/PR at Table VII-4.

[161] Projected capacity is *** wind towers for 2011 and *** wind towers for 2012. CR/PR at Table VII-4.

[162] CR/PR at Tables VII-4 & C-1.

accounting for more than half of total shipments. Exports accounted for *** percent of the reporting producers' total shipments in 2008, *** percent in 2009, and *** percent in 2010.[163]

In sum, subject imports maintained a significant presence in the U.S. market over the period of investigation, before increasing sharply at the end of the period. Subject producers have increased their capacity and possess substantial excess capacity. They are export-oriented and have not only the ability to increase their exports to the United States, but also the incentive to do so, given that U.S. demand for wind towers is projected to be strong in the imminent future before the possible expiration of the PTC and other incentives. Finally, but most importantly, importers reported ordering 1,859 wind towers from China and Vietnam for delivery in the imminent future, a fact which clearly indicates that a substantial increase in subject import volumes is likely.

For the foregoing reasons, we find, for purposes of the preliminary phase of these investigations, a substantial likelihood of substantially increased imports, based on a significant rate of increase in the volume and market penetration of the subject merchandise, deliveries scheduled for the imminent future, and unused capacity available in China and Vietnam.

D. Likely Price Effects of the Subject Imports

In assessing the likely price effects of subject imports, we generally consider pricing developments during the period examined and likely developments in the imminent future in light of key conditions of competition in the U.S. market. The record indicates that while factors such as the qualification process, lead times, and transportation costs may limit substitutability to some extent, subject imports and domestic wind towers are offered made-to-order for the same wind projects.[164] The record further indicates that total landed cost for delivery of wind towers to the wind project site is a key consideration in deciding whether to import subject merchandise or purchase from the domestic industry.[165] Price, the primary component of total landed cost, is therefore an important factor in purchasing decisions for OEMs. This is most clearly shown by the closed bidding process, which often includes more than one round of bidding and OEMs providing guidance to domestic producers on pricing.[166]

The Commission typically collects quarterly pricing data on a number of pricing products in order to assess underselling and price trends in the U.S. market. However, such an approach was not possible in these investigations given the made-to-order nature of wind towers and the closed bidding process used by OEMs. Instead, the Commission staff obtained bid pricing data from U.S. producers and importers GE and Siemens, importers and end users of wind towers that accounted for *** of subject imports during the period 2008-2010.[167]

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[163] CR/PR at Table VII-4. The parties provided conflicting information on likely future demand for wind towers in other markets, such as China and Europe. See Petitioners' Postconference Brief at 44-46. See Foreign Respondents' Postconference Brief at 34. This is an area we will explore in any final phase investigations. Inventories and the potential for product-shifting do not appear to be potential sources of increased subject imports in these investigations given the made-to-order nature of the product, although there is evidence of one purchaser repurposing unused towers made for one project in another project. See CR at V-13, PR at V-4 (noting use of inventory from earlier project).

[164] See CR at II-12 to II-13, PR at II-7; CR/PR at Tables V-1 and V-2.

[165] See CR at V-4, V-11, PR at V-3 to V-4; Siemens' Postconference Brief at 20; Petitioners' Postconference Brief Exhibit 1, at 19.

[166] CR at I-21, PR at I-16.

[167] CR at V-4, PR at V-3.

Because ***, it is difficult to evaluate the relative price levels of subject imports and domestic wind towers given that wind towers are custom made for each wind project.[168] Nonetheless, the bid data indicate that the subject imports had the lowest or among the lowest prices on an f.o.b. basis for each category of tower.[169] GE indicated that it ***.[170]

Siemens provided bid data on a project basis and indicated the f.o.b. price bids as well as the total landed costs for each bid, making comparisons between the bids more meaningful.[171] Bids from the Chinese and Vietnamese exporters were *** lower on an f.o.b. basis than the U.S. producers' bids.[172] Siemens often awarded sales to firms on the basis of ***.[173] While it is difficult to determine the exact extent to which underselling was occurring, the record indicates that subject imports were priced lower than domestic wind towers on an f.o.b. basis and frequently on a landed cost basis. For purposes of these preliminary investigations, we find that the bid data provide at least some evidence of underselling.[174] [175]

Given the importance of price in purchasing decisions, the imminent large increase in subject import volume that we found above is likely to be achieved through aggressive bidding by subject exporters for wind turbine projects. We also find that the higher volume of low-priced imports is likely to place downward pressure on domestic prices and hinder the industry's ability to sell wind towers at profitable prices. Accordingly, we find that subject imports are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports.[176]

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[168] CR/PR at Table V-1. GE provided the bid data based on different categories of towers.

[169] CR at V-1, PR at V-1. Prices from the U.S. producers are on an f.o.b. ex works basis, and prices of imports are on an f.o.b port of export basis. CR at V-4 n.4, PR at V-3 n.4. We typically compare the U.S. f.o.b. price from its point of shipment in the United States with the f.o.b. price of imports for the first arm's length transaction after the imports have entered the United States. In these investigations, there is no arms length transaction in the United States because the importers are also end users.

[170] CR at V-4, PR at V-3.

[171] CR/PR at Table V-3.

[172] CR at V-11, PR at V-4.

[173] CR at V-11, PR at V-4.

[174] Because the bid data on the present record do not demonstrate a trend in wind tower pricing over the period examined, there is an insufficient basis to find significant price depression. With respect to price suppression, the data indicate that the domestic industry faced a growing cost-price squeeze over the period investigated. The industry's COGS/net sales ratio grew from 86.3 percent in 2009 to 96.5 percent in 2010 and was 99.0 percent in interim 2010 and 102.1 percent in interim 2011. However, it is unclear whether this cost-price squeeze was due to the effects of the subject imports or other factors, such as trends in U.S. consumption or a shift to larger wind towers resulting in higher raw material costs and production inefficiencies. CR at VI-15, n.27, PR at VI-8 n.27. In any final investigations, we intend to examine more fully the extent of price effects caused by subject imports.

[175] The Shepherds Flat project is the only lost sale or revenue allegation made by Petitioners. The lost sale was disputed by GE who maintains the decision was not based on price. GE maintains that it decided to purchase subject imports because the domestic bidder was not qualified and did not have a production facility located near the wind project. CR at V-24, PR at V-5; GE's Written Statement of January 24, 2012.

[176] In any final phase investigations, we intend to collect more specific bid data from other purchasers and to examine the extent to which transportation costs and other non-price factors play a role in purchasing decisions.

E. Likely Impact of the Cumulated Subject Imports[177]

Most domestic industry performance indicators declined between 2008 and 2010, then showed some improvement in interim 2011 as compared to interim 2010. These trends were consistent with trends in apparent U.S. consumption of wind towers; apparent U.S. consumption fell by 46.5 percent from 2008 to 2010 before rebounding by 26.4 percent in interim 2011 relative to interim 2010.[178] Production declined overall during the period examined, falling from 2,556 wind towers in 2008 to 2,069 in 2009 and 1,751 wind towers in 2010.[179] The industry's U.S. shipments likewise declined from 2,547 wind towers in 2008 to 2,056 in 2009 and 1,730 wind towers in 2010.[180] Increasing production capacity,[181] combined with falling production, meant that the industry's capacity utilization fell from 94.7 percent in 2008 to 61.2 percent in 2009, and 44.6 percent in 2010.[182] The industry's employment indicators similarly suffered, declining from 2008 to 2010 before recovering somewhat in the interim 2011 as compared to interim 2010.[183]

The domestic industry's financial performance also deteriorated during the period of investigation, moving from operating profits in 2008 to losses in 2010. The industry's profitability did not recover in interim 2011 despite the improvement in demand; in that nine-month interim period of 2011, the industry reported $37.3 million dollars in operating losses for an operating ratio of negative 7.2 percent.[184] Given that the domestic industry's condition deteriorated substantially between 2008 and 2010, and that many of its performance indicators – including capacity utilization and operating income – were much lower at the end of the period of investigation than at the beginning of the period of investigation, we find the domestic industry to be in a vulnerable condition.

The potential expiration of the PTC and other incentives at the end of 2012 has spurred investment in wind projects and driven demand for wind towers in interim 2011 into 2012. However, the surge in subject imports (as documented most obviously by importers' orders) will likely limit the extent

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[177] In its notice initiating antidumping investigations on wind towers from China, Commerce reported estimated dumping margins ranging from 171 percent to 213.54 percent. 77 Fed. Reg. at 3445. On wind towers from Vietnam, Commerce reported estimated dumping margins ranging from 140.54 percent to 143.29 percent. Id.

[178] CR/PR at Table C-1. Apparent U.S. consumption was 26.4 percent higher in interim 2011 than in interim 2010. Id.

[179] CR/PR at Table C-1. Production was 1,248 wind towers in interim 2010 and 1,588 wind towers in interim 2011. Id.

[180] CR/PR at Table C-1. U.S. shipments were 1,561 wind towers in interim 2011 as compared to 1,229 wind towers in interim 2010. Id. The domestic industry exported ***.

[181] The domestic industry's average production capacity increased from 2,700 wind towers in 2008 and 3,383 wind towers in 2009 to 3,923 wind towers in 2010, and it was 2,788 wind towers in interim 2010, and 3,163 wind towers in interim 2011. CR/PR at Table C-1.

[182] CR/PR at Table C-1. Capacity utilization was 44.8 percent in interim 2010 and a still low 50.2 percent in interim 2011. Id

[183] Production related workers totaled 1,874 in 2008, 1,576 in 2009, 1,695 in 2010, 1,636 in interim 2010, and 2,044 in interim 2011. Hours worked totaled 3.69 million in 2008, 2.96 million in 2009, 3.33 million 2010, 2.34 million in interim 2010, and 3.24 million in interim 2011. Wages paid were $104.35 million in 2008, $84.95 million in 2009, $94.34 million in 2010, $62.73 million in interim 2010, and $85.94 million in interim 2011. CR/PR at Table C-1.

[184] The domestic industry reported operating income of $54.2 million in 2008, and $48.2 million in 2009. CR/PR at Table C-1. The industry then reported operating losses of $20.3 million in 2010, $28.1 million in interim 2010, and $37.3 million in interim 2011. The domestic industry's ratio of operating income (or loss) to net sales was positive 7.4 percent in 2008, positive 8.2 percent in 2009, negative 3.8 percent in 2010, negative 7.7 percent in interim 2010, and negative 7.2 percent in interim 2011. CR/PR at Table C-1.

to which the domestic industry is able to benefit from the current period of strong demand. The same has already occurred during interim 2011, as subject imports almost doubled their market share to 27.4 percent as compared to interim 2010, whereas the domestic industry's share of the market was less than half a percentage point higher in interim 2011 than in interim 2010.[185] Significant volumes of subject imports at low prices are likely to increasingly have a negative effect on the industry's sales volumes and prices, thereby reducing the industry's levels of production, employment, and profitability.

For purposes of these preliminary phase investigations, we find that there is a causal nexus between the subject imports and a likely imminent adverse impact on the vulnerable domestic industry. This conclusion is based on the declines in the industry's financial indicators and the trade and employment data discussed above, our finding that the volume of subject imports is likely to be significant in an imminent time frame, and our conclusion that subject imports will likely have significant adverse effects on domestic prices.

We have considered whether there are other factors that likely will have an imminent impact on the domestic industry. Nonsubject imports played an increasingly smaller role in the U.S. market as they lost market share to the domestic industry and the subject imports during the period. Even though apparent U.S. consumption increased between the interim periods, nonsubject imports (unlike subject imports) decreased.[186] Although importers's orders for nonsubject imports (944 wind towers) suggest an imminent increase that will reverse the downward trend, they are far less than orders for subject imports.[187] Thus, nonsubject imports will be a much smaller factor in the U.S. market than subject imports.

We also considered the effects of demand trends. As we have discussed, the record indicates that demand for wind towers is likely to be strong in the imminent future as the government incentives are not scheduled to expire until the end of 2012. However, even when U.S. demand rebounded in interim 2011, the domestic industry's performance remained lackluster and well below its level earlier in the period of investigation.[188] Accordingly, it does not appear likely that the anticipated strong demand will insulate the domestic industry from adverse effects of the subject imports in the imminent future.[189] However, we intend to examine the effect of demand trends, the PTC, and other government incentive programs on the domestic industry in any final phase investigations.

CONCLUSION

For the foregoing reasons, and based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of allegedly dumped and subsidized wind towers from China and allegedly dumped wind towers from Vietnam.

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[185] See CR/PR at Table C-1.

[186] CR/PR at Table C-1. Nonsubject imports were 1,798 wind towers in 2008, 937 wind towers in 2009, 680 wind towers in 2010, 521 wind towers in interim 2010, and 301 wind towers in interim 2011.

[187] See CR/PR at Table VII-6.

[188] CR/PR at Table C-1.

[189] CR/PR at Table C-1.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by Broadwind Towers, Inc., Manitowoc, WI; DMI Industries, Fargo, ND; Katana Summit LLC, Columbus, NE; and Trinity Structural Towers, Inc., Dallas, TX, on December 29, 2011, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of utility scale wind towers ("wind towers")[1] from China and LTFV imports of wind towers from Vietnam. Information relating to the background of the investigations is provided below.[2]

Effective date	Action
December 29, 2011	Petition filed with Commerce and the Commission; institution of Commission investigation (77 FR 805, January 6, 2012)
January 19, 2012	Commission's conference[1]
January 24, 2012	Commerce's notice of AD initiation (77 FR 3440)
January 24, 2012	Commerce's notice of CVD initiation (77 FR 3447)
February 10, 2012	Commission's vote
February 13, 2012	Commission's determinations transmitted to Commerce
February 21, 2012	Commission's views transmitted to Commerce
[1] A list of witnesses appearing at the conference is presented in app. B.	

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

Section 771(7)(B) of the Tariff Act of 1930 (the "Act") (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission--

> *shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and . . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.*

[1] See the section entitled "The Subject Merchandise" in *Part I* of this report for a complete description of the merchandise subject to these investigations.

[2] *Federal Register* notices cited in the tabulation are presented in app. A.

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--

> *In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.*
> . . .
> *In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether . . . (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.*
> . . .
> *In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to*
> . . .
> *(I) actual and potential declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.*

Organization of the Report

Part I of this report presents information on the subject merchandise, alleged subsidy and dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV and V* present the volume of subject imports and pricing of domestic and imported products, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury as well as information regarding nonsubject countries.

U.S. MARKET SUMMARY

Wind towers are generally used as a component of utility scale wind turbine in electrical power generation projects. The leading U.S. producers of wind towers are Trinity Structural Towers ("Trinity") and DMI Industries ("DMI"), while leading producers of wind towers outside the United States include Chengxi Shipyard Co. ("Chengxi"), CS Wind Tech Co. ("CS Wind (China)"), and Harbin Hongguang Boiler General Factory Co. ("Harbin Hongguang") of China, and CS Wind Vietnam Co. ("CS Wind (Vietnam)") of Vietnam. The leading U.S. importers of wind towers from China are ***, while the

leading importers of wind towers from Vietnam are ***. Leading importers of wind towers from nonsubject countries (primarily Canada, Indonesia, Korea, and Mexico) include ***. U.S. purchasers of wind towers are typically wind turbine original equipment manufacturers ("OEMs"). OEMs are generally companies that design the wind turbines, sell them under their own name, and, at a minimum, produce the nacelles in-house. OEMs may produce the towers in-house or source them from outside suppliers.[3] The leading OEMs in the U.S. market include GE, Vestas Wind, Siemens, Suzlon, Mitsubishi Power, and Gamesa.[4]

Apparent U.S. consumption of wind towers totaled approximately 2,858 units ($903.1 million) in 2010. U.S. producers' U.S. shipments of wind towers totaled 1,730 units ($521.2 million) in 2010, and accounted for 60.5 percent of apparent U.S. consumption by quantity and 57.7 percent by value. U.S. imports from subject sources totaled 448 units ($158.7 million) in 2010 and accounted for 15.7 percent of apparent U.S. consumption by quantity and 17.6 percent by value. U.S. imports from nonsubject sources totaled 680 units ($223.2 million) in 2010 and accounted for 23.8 percent of apparent U.S. consumption by quantity and 24.7 percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in the investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of six firms that accounted for the vast majority of U.S. production of wind towers during 2010. U.S. imports are based on importer questionnaire responses that accounted for the majority of imports from subject and nonsubject sources. Data regarding the industries in China and Vietnam are based on responses to the foreign producer questionnaire and published sources.

PREVIOUS AND RELATED INVESTIGATIONS

Wind towers have not been the subject of any prior countervailing or antidumping duty investigations in the United States. Wind towers have been the subject of Commission staff research.[5]

On September 9, 2010, the United Steelworkers filed a petition under Section 301 of the Trade Act of 1974 alleging that the Chinese government employed a wide range of World Trade Organization ("WTO")-inconsistent practices that unfairly benefited Chinese producers in the renewable energy sector, including producers of wind energy products.[6] In response to the petition, the United States Trade

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[3] Petition, exh. I-4, p. 3.

[4] GE represented 29.5 percent of U.S. wind turbine installations in 2011, Vestas 28.9 percent, Siemens 18.1 percent, Suzlon 4.9 percent, Mitsubishi Power 4.7 percent, Nordex 4.2 percent, Clipper 3.8 percent, REpower 2.5 percent, and Gamesa 2.2 percent. American Wind Energy Association ("AWEA"), *U.S. Wind Industry Fourth Quarter 2011 Market Report*, January 2012, http://www.awea.org/learnabout/publications/reports/AWEA-US-Wind-Industry-Market-Reports.cfm. For more information see appendix D.

[5] The following publications are on the USITC Web site: Andrew David, "Shifts in U.S. Wind Turbine Equipment Trade in 2010," USITC Executive Briefings on Trade, May 2011; Andrew David, "Impact of Wind Energy Installations on Domestic Manufacturing and Trade," No. ID-02, July 2010; Andrew David, *Wind Turbines: Industry and Trade Summary*, Office of Industries Publication ITS-02, June 2009; Andrew David, "Growth in Wind Turbine Manufacturing and Trade," USITC Executive Briefings on Trade, March 2009.

[6] "USW Files Trade Case to Preserve Clean, Green Manufacturing Jobs in America, " USW press release, September 9, 2010, found at http://www.usw.org/media_center/releases_advisories?id=0327, and "United States Launches Section 301 Investigation into China's Policies Affecting Trade and Investment in Green Technologies,"

(continued...)

Representative ("USTR") initiated an investigation on October 15, 2010. On December 22, 2010, the United States requested WTO Dispute Settlement Consultations concerning a program known as the Special Fund for Wind Power Manufacturing.[7] Following WTO consultation on February 16, 2011, USTR announced on June 7, 2011, that China had ended certain wind power equipment subsidies.[8]

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged Subsidies

On January 24, 2012, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on wind towers from China.[9] Commerce identified the following government programs in China:

A. Grant Programs
   1. Export Product Research and Development Fund
   2. Subsidies for Development of "Famous Brands" and "China World Top Brands"
   3. Sub-Central Government Subsidies for Development of "Famous Brands" and "China World Top Brands"
   4. Special Energy Fund of Shandong Province
   5. National Defense Science and Technology Industry Grants for the Wind Power Equipment Industry
   6. Funds for Outward Expansion of Industries in Guangdong Province
   7. Renewable Energy Development Fund
   8. Special Fund for Wind Power Manufacturing Grants

B. Government Provision of Goods and Services for Less Than Adequate Remuneration (LTAR)
   1. Government Provision of Hot-Rolled Steel for LTAR
   2. Government Provision of Aluminum for LTAR
   3. Government Provision of Electricity for LTAR

C. Government Provision of Land for LTAR
   1. Government Provision of Land-Use Rights to State-Owned Enterprises for LTAR
   2. Government Provision of Land-Use Rights by the Hunan Province Government for LTAR

D. Policy Lending to the Renewable Energy Industry

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[6] (...continued)
USTR, October 15, 2010, found at http://www.ustr.gov/about-us/press-office/press-releases/2010/october/united-states-launches-section-301-investigation-c, retrieved on January 9, 2012.

[7] USTR determined that "under this program, China appears to provide subsidies that are prohibited under WTO rules because the grants awarded under the program seem to be contingent on Chinese wind power equipment manufacturers using parts and components made in China rather than foreign-made parts and components." "United States Requests WTO Dispute Settlement Consultations on China's Subsidies for Wind Power Equipment Manufacturers," USTR, December 22, 2010, found at http://www.ustr.gov/about-us/press-office/press-releases/2010/december/united-states-requests-wto-dispute-settlement-con, and WTO, dispute settlement, "China — Measures concerning wind power equipment," found at http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds419_e.htm, retrieved on January 9, 2012.

[8] "China Ends Wind Power Equipment Subsidies Challenged by the United States in WTO Dispute," USTR, June 7, 2011, found at http://www.ustr.gov/about-us/press-office/press-releases/2011/june/china-ends-wind-power-equipment-subsidies-challenged, retrieved on January 9, 2012.

[9] *Utility Scale Wind Towers From the People's Republic of China: Initiation of Countervailing Duty Investigation*, 77 FR 3447, January 24, 2012.

E. Income and Other Direct Tax Exemption and Reduction Programs
1. "Two Free, Three Half" Program for Foreign Invested Enterprises (FIEs)
2. Income Tax Reductions for Export- Oriented FIEs
3. Income Tax Benefits for FIEs Based on Geographic Location
4. Local Income Tax Exemption and Reduction Programs for "Productive" FIEs
5. Tax Reductions for FIEs Purchasing Chinese-Made Equipment
6. Tax Offsets for Research and Development by FIEs
7. Tax Refunds for Reinvestment of FIE Profits in Export-Oriented Enterprises
8. Preferential Tax Programs for FIEs Recognized as High or New Technology Enterprises
9. City Tax and Surcharge Exemptions for FIEs
10. Tax Reductions for High and New-Technology Enterprises Involved in Designated Projects
11. Preferential Income Tax Policy for Enterprises in the Northeast Region
12. Foregiveness of Tax Arrears for Enterprises Located in the Old Industrial Bases of Northeast China
13. Hunan Province Special Fund for Renewable Energy Development

F. Indirect Tax and Tariff Exemption Programs
1. Value Added Tax (VAT) Exemptions for Use of Imported Equipment
2. VAT Rebates on FIE Purchases of Chinese-Made Equipment
3. VAT and Tariff Exemptions for Purchases of Fixed Assets Under the Foreign Trade Development Fund Program
4. Tax Benefits for Imported Large Power Wind Turbine System Key Components and Raw Materials

G. Export Credit Subsidy Programs

H. Export Guarantees and Insurance for Green Technology

Alleged Sales at LTFV

On January 24, 2012, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on wind towers from China and Vietnam.[10] Commerce has initiated antidumping duty investigations based on estimated dumping margins of 213.54 percent for wind towers from China and 140.54 percent to 143.29 percent for wind towers from Vietnam.

THE SUBJECT MERCHANDISE

Commerce's Scope

Commerce has defined the scope of this investigation as follows:[11]

> {C}ertain wind towers, whether or not tapered, and sections thereof. Certain wind towers are designed to support the nacelle and rotor blades in a wind turbine with a minimum rated electrical power generation capacity in excess of 100 kilowatts and with a minimum height of 50 meters measured from the base of the tower to the bottom of the nacelle (i.e., where the top of the tower and nacelle are joined) when fully assembled.

[10] *Utility Scale Wind Towers From the People's Republic of China and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations*, 77 FR 3440, January 24, 2012.

[11] *Utility Scale Wind Towers From the People's Republic of China and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations*, 77 FR 3440, January 24, 2012.

A wind tower section consists of, at a minimum, multiple steel plates rolled into cylindrical or conical shapes and welded together (or otherwise attached) to form a steel shell, regardless of coating, end-finish, painting, treatment, or method of manufacture, and with or without flanges, doors, or internal or external components (e.g., flooring/decking, ladders, lifts, electrical buss boxes, electrical cabling, conduit, cable harness for nacelle generator, interior lighting, tool and storage lockers) attached to the wind tower section. Several wind tower sections are normally required to form a completed wind tower.

Wind towers and sections thereof are included within the scope whether or not they are joined with nonsubject merchandise, such as nacelles or rotor blades, and whether or not they have internal or external components attached to the subject merchandise.

Specifically excluded from the scope are nacelles and rotor blades, regardless of whether they are attached to the wind tower. Also excluded are any internal or external components which are not attached to the wind towers or sections thereof.

Tariff Treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the subject goods are imported under the statistical reporting numbers 7308.20.0020 or 8502.31.0000 of the Harmonized Tariff Schedule of the United States ("HTSUS").[12] [13]

THE PRODUCT

Description and Applications

Wind turbines[14] convert the mechanical energy of wind to electrical energy and consist of three main components–the nacelle, rotor, and tower. The nacelle houses the wind turbine's main power generation components (i.e., the gearbox, generator, and other components), while the rotor typically consists of three blades and the hub (figure I-1). The nacelle sits on top of a tower, which is typically a tubular steel tower for utility-scale wind turbines.[15]

[12] Prior to 2011, subject goods were imported under statistical reporting number 7308.20.0000. Wind towers are classified under statistical reporting number 7308.20.0020 when imported as a tower or tower section(s) alone. Wind towers imported as part of a wind turbine with an appropriate number of nacelles and rotor blades are believed to be imported under subheading 8502.31.00, which covers wind-powered electric generating sets.

[13] 7308.20.0020 has a general duty rate of free and 8502.31.0000 has a general rate of 2.5 percent *ad valorem*. The product description, and not the HTSUS classification, is dispositive of whether the merchandise imported into the United States is included in the scope of the investigations.

[14] The term "wind turbine" refers to the complete product, including the nacelle, tower, and rotor. Petition, p. 7 and exh. I-4, p. 2.

[15] Petition, pp. 6–7.

Figure I-1
Utility-scale wind turbine

Source: Photo courtesy of DOE/NREL, credit Dennis Schroeder.

Wind turbines have capacities ranging from less than 1 kilowatt ("kW") to several megawatts ("MW," equivalent to 1,000 kW). Utility-scale wind turbines are those with a capacity of more than 100 kW, according to petitioners.[16] Utility-scale wind turbine sizes have increased over time, with the average size of a wind turbine installed in the United States increasing from 0.71 MW in 1998–99 to 1.79 MW in 2010 (figure I-2).[17] Turbines installed in the United States are usually between 1.0 and 3.0 MW in size (the largest turbine installed in the United States in the first three quarters of 2011 was 3.0 MW).[18] There are still installations of turbines between 100 kW and 1 MW in size, but these wind turbines account for a small share of the utility-scale market.[19]

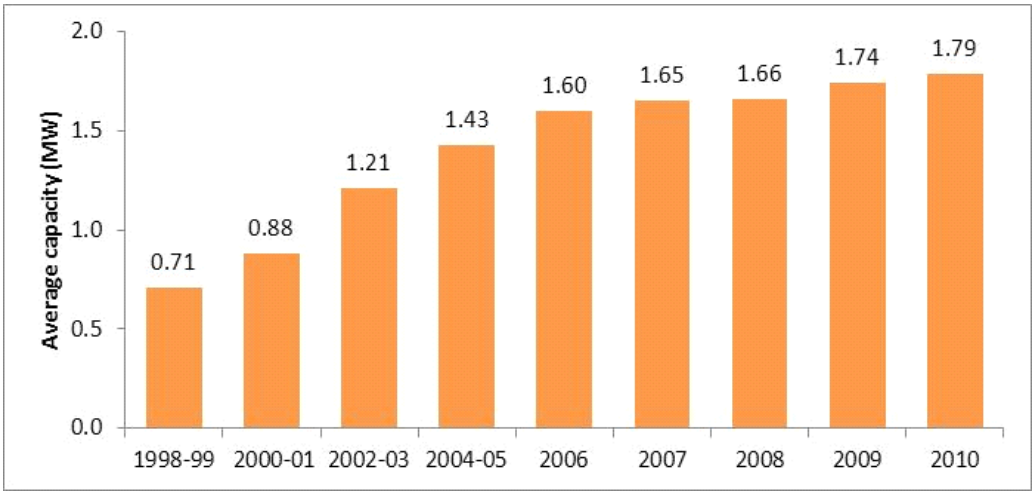
[16] Petition, p.1, fn. 1.

[17] Petition, exh. I-6, p. 29.

[18] Petition, p. 7 and exh. I-28.

[19] Petition, exh. I-6, p. 30.

Figure I-2
Average capacity of wind turbines installed in the United States



Source: Petition, exh. I-6, p. 29.

Wind turbines can be installed individually or as part of larger wind project (also known as a wind farm). Installations of one to two turbines are often, but not exclusively, for on-site use by entities such as towns and universities. Installations of turbines for utilities and independent power producers[20] can be a single turbine, but more commonly range from several turbines to more than 100.[21] Wind projects and wind turbines, including towers, have a life expectancy of at least 20 years.[22] The largest wind project currently under construction is the 845 MW Shepherds Flat wind project, which uses 338 turbines.[23]

Wind turbines can also be installed offshore. There is a substantial offshore market in Europe, but the United States does not yet have any off-shore wind turbine installations.[24] Construction on the first offshore wind farm in the United States could start in late 2012 or in 2013.[25]

[20] An independent power producer is an entity that primarily produces power for sale on the wholesale market. It is not a utility, does not own electricity transmission, and does not have a designated service area. EIA Web site, "Electric Power Industry Overview 2007," http://www.eia.gov/cneaf/electricity/page/prim2/toc2.html (accessed January 22, 2012).

[21] Petition, exh. I-6, p. 34 and exh. I-28; AWEA, *U.S. Wind Industry Year-End 2010 Market Report*, January 2011, http://www.awea.org/learnabout/publications/reports/AWEA-US-Wind-Industry-Market-Reports.cfm.

[22] Petition, exh. I-4, p. 14, 24, and 27; conference transcript, p. 80 (Cole) and 97 (Feldman).

[23] Petition, exh. I-23, I-24, I-25, I-26, and I-31.

[24] European Wind Energy Association ("EWEA"), *Wind in Power: 2010 European Statistics*, February 2011, p. 9; petition, exh. I-6, p. iv.

[25] Carolyn Y. Johnson and John R. Ellement, "After Favorable Court Ruling, Company Chief Says Cape Wind Construction Could Begin Within a Year," *Boston Globe*, December 28, 2011, http://www.boston.com; Scott DiSavino, "Deepwater to Build First U.S. Offshore Wind Farm," October 12, 2011, http://www.reuters.com.

Physical Characteristics of Towers

Wind towers for utility-scale wind turbines are generally tubular steel towers (figure I-3).[26] They consist of multiple sections (which are placed on a foundation and assembled at the project site), with the complete tower height generally ranging from 60 to more than 100 meters (197 to more than 328 feet), as measured from the base of the tower to the hub.[27] The base of the tower can be up to 4.5 meters (15 feet) in diameter, but varies with tower size. Smaller towers tend to have a smaller diameter base.[28] The tower is typically tapered so that the diameter at the top is smaller than the diameter at the base.[29] The tower comprises about two-thirds of the 200 to 400 short ton weight of the complete turbine, with steel comprising 98 percent of the tower weight (including the foundation).[30] At the base of the tower is a door that allows entry to the tower and inside the tower are tower internals such as platforms, ladders, lighting, lifts, and cabling.[31]

Figure I-3
Wind towers: Installed wind turbines

Source: Courtesy DOE/NREL, credit Iberdrola Renewables.

Wind tower heights have steadily increased over time, with the average hub height of turbines installed in the United States increasing from 55.7 meters (183 feet) in 1998–99 to 78.5 meters (258 feet) in 2008 and 79.8 meters (262 feet) in 2010 (figure I-4). Tower heights are continuing to increase, with

[26] Petition, exh. I-4, p. 2.

[27] Petition, pp. 7, 15–16, and fn. 25.

[28] Conference transcript, pp. 66–67 (Janda).

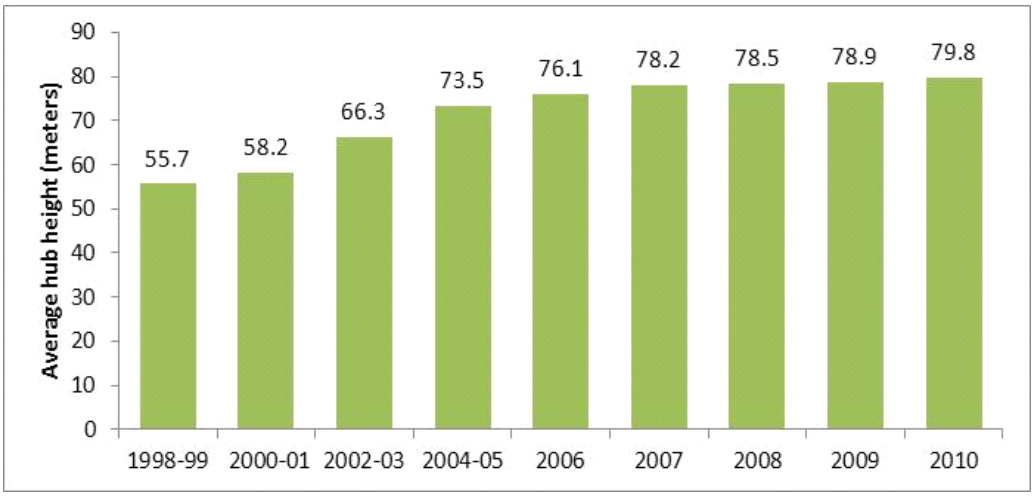
[29] Petition, exh. I-4, p. 5.

[30] AWEA, BlueGreen Alliance, and United Steelworkers, *Winds of Change*, June 2010, p. 20, http://www.awea.org/learnabout/publications/upload/BGA_Report_062510_FINAL.pdf; U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, "20% Wind Energy by 2030," p. 63, http://www.nrel.gov/docs/fy08osti/41869.pdf.

[31] Petition, p. 11 and exh. I-4, p. 5; conference transcript, p. 27 (Janda).

some companies introducing wind turbines with towers more than 100 meters high.[32] Taller towers offer advantages because they allow the use of longer blades and access to better wind resources at higher altitudes.[33]

Figure I-4
Average hub heights of wind turbines installed in the United States



Source: Wiser, Ryan and Mark Bolinger, *2010 Wind Technologies Market Report*, data file.

While tubular steel towers are the most common design for utility-scale wind turbines, others include lattice mast towers and tubular concrete towers. One company also offers a hybrid solution, producing 30 to 40 meter high concrete base sections on top of which a 70 to 100 meter steel tower can be added.[34] Space frame towers, which have a "a highly optimized design of five custom-shaped legs and interlaced steel struts" covered by a "a non-structural, architectural fabric," are expected to be introduced to the market in 2012.[35] These other tower designs currently account for a very small percentage of the broader tower market.[36]

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[32] Petition, p. 7; Wiser, Ryan and Mark Bolinger, *2010 Wind Technologies Market Report*, data file; Vestas, "V112 3.0 MW Onshore," brochure, http://www.vestas.com/en/wind-power-plants/procurement/turbine-overview/v112-3.0-mw.aspx.

[33] Mark Jaffe, "For Taller Wind Turbines, Generating Power is a Breeze," *The Denver Post*, December 25, 2011, http://www.denverpost.com/business/ci_19612999; Ehren Goossens, "GE Acquires Wind Tower Systems to Build Taller Wind Turbine Towers," *Bloomberg*, February 11, 2011, http://www.bloomberg.com/news/2011-02-11/ge-buys-wind-tower-systems-to-build-taller-wind-turbine-towers.html.

[34] *The Gazette*, "Acciona to Introduce Concrete Towers for Wind Turbines," August 18, 2011, http://thegazette.com/2011/08/18/acciona-to-introduce-concrete-towers-for-wind-turbines; Tindall, "Raising Wind Turbines to a Whole New Level," Atlas CTB brochure, http://www.atlasctb.com/pdfs/atlasctbbrochure.pdf; RRB Energy Web site, http://www.rrbenergy.com/PSSpecification.asp (accessed January 17, 2012).

[35] Petition, exh. I-10; U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, *Wind Turbine Towers Establish New Height Standard and Reduce Cost of Wind Energy*, http://www1.eere.energy.gov/office_eere/pdfs/wind_tower_systems_sbir_case_study_2010.pdf.

[36] As discussed in part III, there is only pilot production of these products in the United States. Conference transcript, p. 69 (Cole, Janda, and Barczak).

Manufacturing Processes

Wind turbine towers are produced to the specifications of each individual OEM. In addition, wind towers are built for the specifications of the wind turbine that will be used at a particular project site.[37] The towers are made from discrete steel plate, which is purchased by the tower manufacturer and is typically 3 meters (10 feet) wide, 12 meters (40 feet) long, and 0.5 to 2 or more inches thick. Plate thickness is related to the rotor diameter, weight, and design approach, with some OEMs using lighter towers. The plate is typically either to a U.S. specification (such as A36, A572-50, or A709 Grades 36 and 50) or a European specification (such as 10025 Grades S235, S275, and S355) and is commonly produced in steel mills globally.[38] In addition, the plate at the base of the tower is the thickest and it decreases from the base to the top.[39]

In the first step in the production process, steel plate is received, checked for quality, and cleaned (figure I-5). A plasma and/or oxygen acetylene cutter is used to cut each sheet into the appropriate shape, then the edges of the plate are beveled.

The plate is moved to a machine that rolls it into a cylindrical or conical shape. Once the plate is rolled it is moved to a welding station where the longitudinal seem is welded, creating what is known as a can. Ultrasonic testing is used to check the quality of the weld. The individual cans are then welded together, creating a tower section.[40] The welds are again checked, then a flange (through which bolts can be inserted during tower assembly) is welded on and brackets, clips, and lugs to which internals can be attached are welded to the interior of the tower. A door is added to the base section by cutting an opening for the door, welding a frame to the tower, and attaching a door.

The tower sections are next blasted with grit to eliminate debris and create a rough surface that improves the paint adherence. Portions of the tower surface may next be metalized[41] to reduce rust and corrosion. Towers are then painted one or more layers on the interior and two or more layers on the exterior. It takes about 12 hours to paint and cure a tower section. The internals are then added and the tower undergoes a quality control process.[42]

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[37] This discussion will focus on the production process for tubular steel towers. Conference transcript, pp. 8 (Price), 68 (Janda), and 104–106 (Hauer).

[38] Conference transcript, p. 59 (Janda); ArcelorMittal USA, "Plate: Wind Tower Applications," http://www.arcelormittal.com/NA/plateinformation/documents/en/Inlandflats/ProductBrochure/ARCELORMITTAL%20WIND%20TOWER%20BROCHURE%20FOR%20POSTING%20ON%20INTERNET.pdf, accessed January 31, 2012.

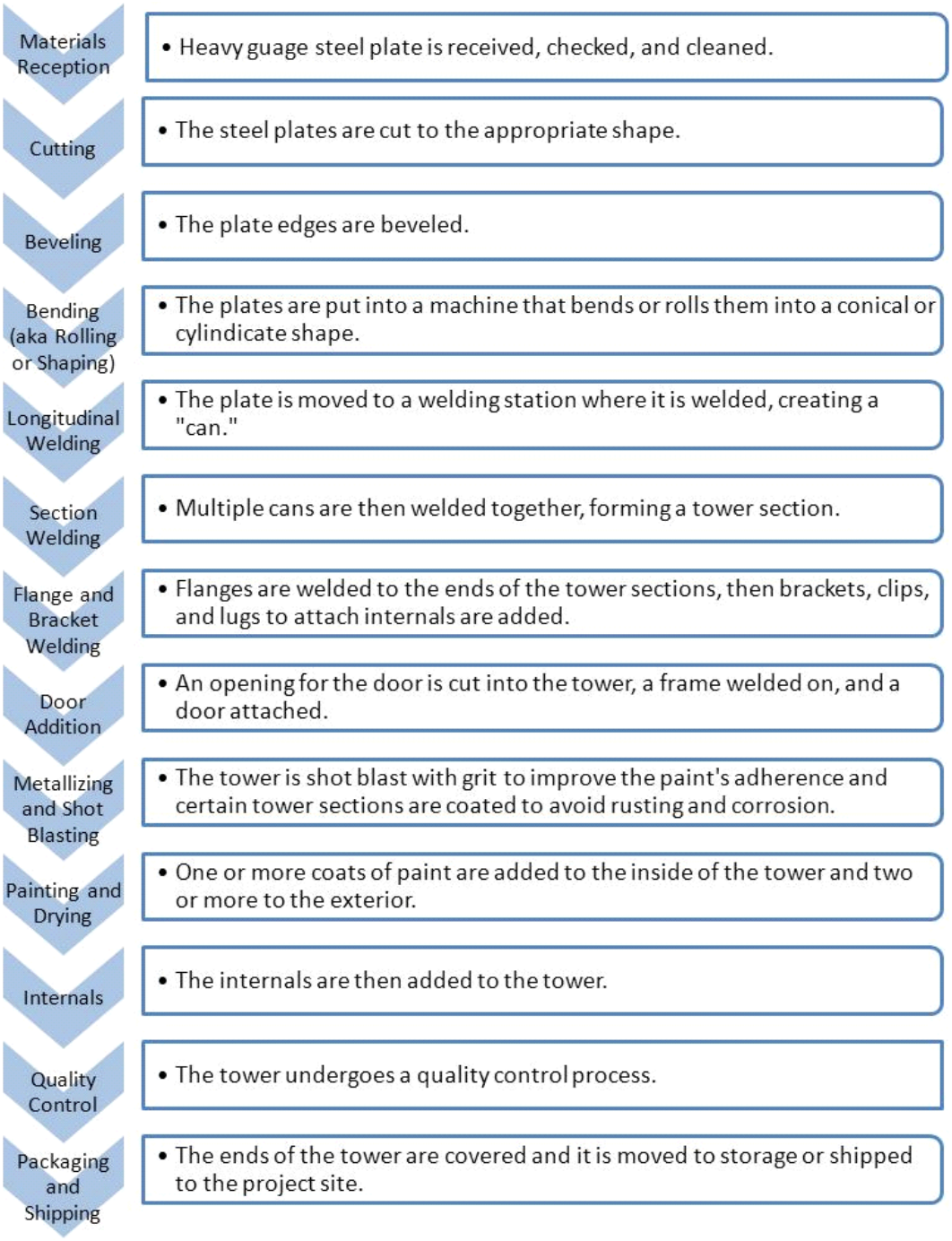
[39] Conference transcript, pp. 58–59, 68, and 74 (Janda); petition, p. 11.

[40] A typical tower consist of 30 to 40 cans. The tower sections vary in length and depend on the height of the tower and number of sections. A taller tower, however, does not necessarily require longer sections as the section lengths for an 80 meter tower that uses three sections can be longer than a 100 meter tower that uses five sections. Petition, p. 9; conference transcript, p. 67 (Janda).

[41] Metalizing is "a thermal spray process that involves vaporizing zinc and aluminum alloy wire to impinge it upon the blasted profile steel surface." Conference transcript, p. 26 (Janda).

[42] Production process description in this and preceding two paragraphs based on petition, pp. 8–11; conference transcript, pp. 22–27 (Janda); Dongkuk S&C brochure, www.dongkuksnc.co.kr/movie/DONGKUKS&C_ENGLISH.PDF; Gamesa Web site, http://www.gamesacorp.com (accessed January 4, 2012); Kousa International Web site, http://www.kousainternational.com/tower.html (accessed January 4, 2012).

Figure I-5
Wind towers: Production process



Source: Petition, p. 8–11; conference transcript, p. 22–27 (Janda);Dongkuk S&C brochure, www.dongkuksnc.co.kr/movie/DONGKUKS&C_ENGLISH.PDF; Gamesa Web site, http://www.gamesacorp.com (accessed January 4, 2012); Kousa International Web site, http://www.kousainternational.com/tower.html (accessed January 4, 2012).

Tarps are added to the end of each tower section and it is moved to the storage area. Shipment of the towers to the wind project site is usually handled by the customer. Even for producers that own transportation companies, the contract to transport the towers is part of a separate bidding process. Towers are usually shipped from U.S. producers' plants by either truck or rail to the project site, but barges can also be used to ship towers (figure I-6).[43]

Figure I-6
Wind towers: Shipment by truck

Source: Photo courtesy of DOE/NREL, credit Jim Green.

At the project site, the base section of the tower is lifted by a crane and dropped straight down onto the foundation, going over a power unit that sits in the base of the tower (figure I-7). The flange at the base of the tower is attached to the foundation, then the next section of the tower is added and the flanges at each end of the tower sections are bolted together with large structural nuts and bolts. Once all sections of the tower are constructed, the nacelle is added and then the rotor attached to the nacelle.[44]

[43] Some of the largest tower sections may be too large to be shipped by rail and may need to be shipped by truck. Conference transcript, pp. 27 (Janda), 48 (Cole), 56–57 (Cole), 66 (Janda, Barczak, and Cole), and 142 (Hauer); Windpower Engineering, "When is a barge faster than a truck?" October 5, 2011, http://www.windpowerengineering.com/construction/when-is-a-barge-faster-than-a-truck; Thomas Baldwin, "Cost Creep in Logistics," Presentation at Windpower 2011, Anaheim, CA, May 25, 2011.

[44] Petition, pp. 9 and 26; conference transcript, p. 144 (Revak); AWEA Web site, http://www.awea.org/issues/supply_chain/Anatomy-of-a-Wind-Turbine.cfm (accessed January 24, 2012). See also figure I-5.

Figure I-7
Wind towers: Turbine installation

Source: Photos courtesy of DOE/NREL, credit First Wind (top), Patrick Corkery (center), and Todd Spink (bottom).

DOMESTIC LIKE PRODUCT ISSUES

The Commission's decision regarding the appropriate domestic product(s) that are "like" the subject imported product is based on a number of factors including: (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and (6) price. Information regarding these factors is discussed below.

The petitioner proposes that the Commission define the domestic like product as co-extensive with the scope in these investigations.[45] Respondent foreign producers also propose that the Commission define the domestic like product as co-extensive with the scope in these investigations.[46] Respondent Siemens proposes that wind towers for Siemens be treated as a separate domestic like product.[47]

Physical Characteristics and Uses

Respondent Siemens argues that wind towers, whether build for Siemens or not, in general serve the same functions and have similar appearances, but notwithstanding this, since each wind tower is custom built to order, once built they are unlike other wind towers. A wind tower ordered by Siemens and built to its unique proprietary specifications is unlikely to have been made by a domestic producer, nor will a domestic producer have a wind tower that would substitute for the wind tower.[48]

The petitioners contend that even though each OEM has different specifications, wind towers share a number of common physical characteristic and perform the same function. All wind towers are produced from steel plate that are welded into cans and cones, which are joined together to form sections. Moreover, all wind towers are built to a number of standards, including standards for steel, welding, coating, and quality inspection. While individual OEMs may differ in certain standards specifications by adding additional requirements, the standards are general to the industry and have been adopted by most manufacturers.[49]

Manufacturing Facilities and Production Employees

Wind towers manufactured for Siemens are produced by manufacturers licenced and qualified by Siemens. While Siemens is unaware if the same manufacturing facilities and production employees are used to produce other wind towers, it notes a Siemens specialist is placed onsite to supervise and monitor the production of the Siemens wind towers.[50] Petitioners argue that wind towers, no matter what OEM specifications are used, are produced on similarly dedicated facilities with similar employees.[51]

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[45] Petitioners' postconference brief, p. 6 and conference transcript, p. 162 (Pickard).

[46] Respondent foreign producers' postconference brief, p. 3.

[47] Respondent Siemens' postconference brief, p. 39.

[48] Respondent Siemens' postconference brief, pp. 34-35.

[49] Petitioners' postconference brief, Exh. 1, p. 13 and conference transcript, pp. 87-88 (Cole and Janda).

[50] Respondent Siemens' postconference brief, pp. 36-37.

[51] Petitioners' postconference brief, Exh. 1, p. 14.

Interchangeability

Respondent Siemens contends that wind towers manufactured for Siemens are not interchangeable or substitutable with wind towers manufactured for anyone else.[52] Petitioners note that wind towers are custom-designed for OEM turbine manufacturers' specific requirements, and are not interchangeable with other products, but are fungible between manufacturers within a particular OEM specification.[53]

Customer and Producer Perceptions

Both customer and the producers, respondent Siemens argues, perceive a wind tower produced for Siemens is unique and unlike towers built for anyone else.[54] Petitioners do not directly address the perceptions of Siemens towers and other wind towers, but note that wind towers are perceived as a distinct product category for use in wind turbine power generations units.[55]

Channels of Distribution

Siemens argues that while the channels of distribution may be parallel with the channels of distribution for other OEMs, the wind towers sold to Siemens are unique and are delivered directly and only to Siemens *ex works*.[56] Petitioners note that wind turbines, whether produced for Siemens or another firm, are primarily sold to OEM turbine manufacturers.[57]

Price

Siemens contends that the price that it pays for wind towers is related only to business with Siemens and is based on location, timing, and specifications for a particular project. Moreover, there is no price competition between wind towers produced for Siemens and other wind towers, because the basis for Siemens' purchase of wind towers has no relationship whatsoever to what another OEM may be paying for towers. Furthermore, while wind tower manufacturers provide guidance on anticipated general prices at the beginning of each year, each project will lead to a difference price and each OEM will have different terms and conditions.[58] Petitioners did not specifically address the factor of price.

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[52] Respondent Siemens' postconference brief, p. 36.

[53] Petitioners' postconference brief, Exh. 1, p. 14 and conference transcript, p. 19 (Price).

[54] Respondent Siemens' postconference brief, p. 38.

[55] Petitioners' postconference brief, Exh. 1, p. 14.

[56] Respondent Siemens' postconference brief, pp. 37-38.

[57] Petitioners' postconference brief, Exh. 1, p. 14 and conference transcript, p. 31 (Barczak).

[58] Respondent Siemens' postconference brief, pp. 38-39.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET CHARACTERISTICS

Utility scale wind towers are a component of utility scale wind turbine electrical power generating units, and are normally tubular steel structures upon which the other major wind turbine components such as rotor blades and nacelles are mounted.[1] Questionnaire responses indicate that wind towers have become taller and heavier in recent years. The demand for wind towers is derived from the demand for wind turbines which is derived from wind generated electric power. Most U.S.-produced wind towers are sold commercially, while most subject and nonsubject imports are internally consumed.

The U.S. wind market is driven by a number of factors, including electricity demand, natural gas prices, electricity prices (related in part to natural gas prices and electricity demand), availability of project financing, availability of electricity transmission, and state and federal government policies. Since 2008, a decline in the price of natural gas, lower electricity prices due to factors such as the recession and increased natural gas production, less available financing, transmission constraints, and the implementation of new federal government policies and then their possible expiration at the end of 2012 have contributed to fluctuations in the wind market.[2]

At the federal level, the currently scheduled expiration of certain programs at the end of 2012 is driving a high level of wind project construction prior to their expiration and reducing expected demand after 2012. Several available tax credits have contributed to the growth of the wind market in the United States. The production tax credit "(PTC)" is a credit of 2.2 cents per kilowatt-hour for the first ten years of operation of a wind turbine. The PTC was first passed in the Energy Policy Act of 1992. The PTC has been allowed to lapse several times since it first went into effect, although it has been periodically renewed. In the years in which it was allowed to lapse, there were significant declines in wind tower installations (figure II-1). The PTC is scheduled to expire again at the end of 2012, and for projects to qualify for the PTC, they must achieve commercial operation by the end of 2012.

Figure II-1
Wind towers: IHS Emerging Energy Research (EER) forecast of installations and impact of PTC

* * * * * * *

The American Recovery and Reinvestment Act of 2009 also made wind projects eligible for the 30 percent investment tax credit "(ITC)" if completed by the end of 2012. Firms could also opt for a newly created cash grant equal to the amount of the ITC. In order to be eligible for the grant (for which the deadlines were extended in 2010), projects must have started construction before the end of 2011, and must be in commercial operation by the end of 2012. Thus, while the PTC, ITC, and cash grants have encouraged substantial wind installations in the United States and the high level of activity going into 2012 (with 8,300 MW under construction as of January 2012), the expiration of these tax credits could lead to a substantial decline in installations.[3]

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[1] Petitioners' postconference brief, p. 6.

[2] Petition, pp. 27–30, exh. I-4, pp. 25–30, exhibits I-6, I-39, and I-40; conference transcript, pp. 156–157 (Revak); petitioners' postconference brief, exh. 2; respondents' postconference brief, pp. 11–12, exh. 2; Andrew David, "Shifts in U.S. Wind Turbine Equipment Trade in 2010," USITC Executive Briefings on Trade, June 2011, http://www.usitc.gov/publications/332/executive_briefings/wind_EBOT_commission_review_final2.pdf.

[3] Petition, pp. 31-32, 48, exh. 1-6, pp.61-62, exh. 1.4, p. 27, and exh. I-39; AWEA, *U.S. Wind Industry Fourth Quarter 2011 Market Report*, January 2012, http: www.awea.org/learnabout/industry stats/upload/4Q-2011-AWEA-Public-Market-Report-2.pdf; Conference transcript, pp. 9 (Price), 94 (Cole), respondents' postconference brief, pp.

(continued...)

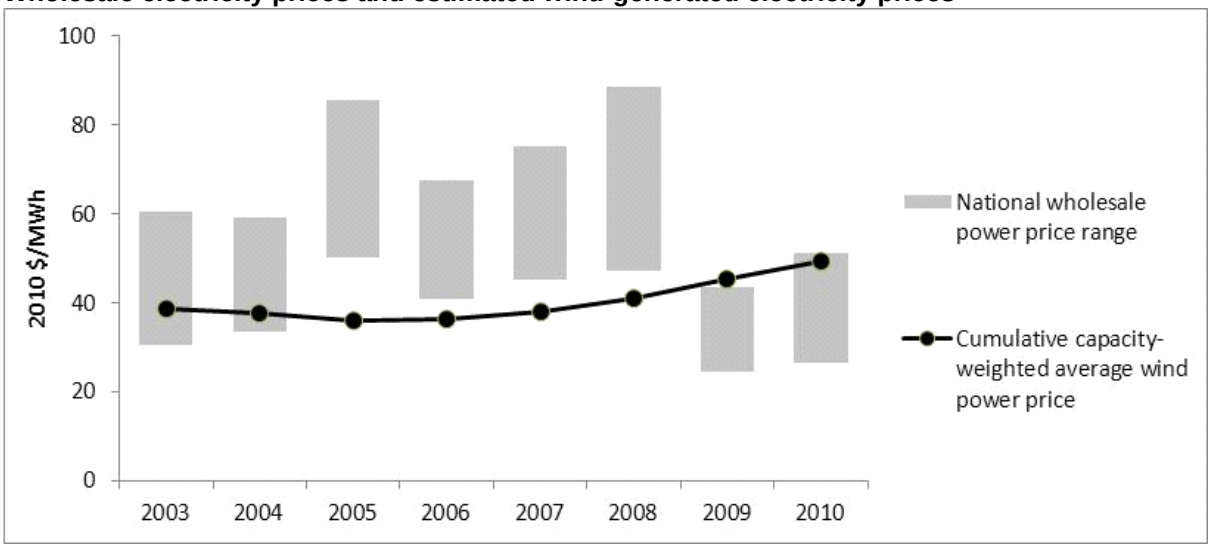
Wind projects have also benefitted from various levels of accelerated depreciation, with wind projects completed in 2012 eligible for 50 percent bonus depreciation.[4]

In addition to tax credits, wind projects have been eligible for the U.S. Department of Energy ("DOE ")'s loan guarantee program and several projects, including the 846 megawatt (MW) Shepherd's Flat Project in Oregon, received loan guarantees. The projects were required to start construction by September 30, 2011.[5]

At the state level, renewable portfolio standards (RPS), which mandate that a certain percentage of electricity is from renewable sources by a particular date, have also contributed to the growth of wind installations. As of January 2012, 29 states, the District of Columbia, and Puerto Rico had mandatory RPS, while 8 states had voluntary goals. These policies would likely continue to drive at least some level of installations going forward in the absence of federal government policies. As shown in figure II-1 ***.[6]

A comparison of wind generated electricity prices and national electricity prices in figure II-2 illustrates the competitiveness of wind power with other sources of electricity. In 2008, wind power was competitive on a national basis, while in 2009 and 2010 an increase in wind-power prices and a decline in wholesale power prices have made wind generated electricity less competitive. There are regional variations in wind power prices and electricity prices overall that may make wind more or less competitive in particular regions in the United States.[7]

Figure II-2
Wholesale electricity prices and estimated wind-generated electricity prices



Note.- -Wind generated electricity prices include the production tax credit. Includes wind projects built during 1998–2010.

Source: Petition, exh. I-6, p. 43; Wiser, Ryan and Mark Bolinger, *2010 Wind Technologies Market Report*, data file.

[3] (...continued)
11-12.

[4] Petition, exh. 1-6, p. 61.

[5] Petition, exh. 1-6, p. 62.

[6] Database of State Incentives for Renewable Energy, "RPS Policies," January 2012, http://www.dsireusa.org/summarymaps/index.cfm?ee=1&RE=1; conference transcript, pp. 156–157 (Revak); petition, exh. I-6, pp. 62–63; ***.

[7] Petition, exh. I-6, pp. 42–45.

CHANNELS OF DISTRIBUTION

All U.S.-produced and imported wind towers sold in the United States are shipped to end users. All U.S. producers except *** sold wind towers to unrelated end users. *** internally consumed the wind towers that it manufactured in the production of wind turbines. All importers except *** internally consumed the wind towers. In 2010, U.S. importers (including large importers/OEMs (***) internally consumed approximately *** percent of shipments of imports (by quantity), while the remaining imports were sold to unrelated end users.

GEOGRAPHIC DISTRIBUTION

U.S. producers and importers were asked to report the geographic areas in the United States served by their shipments of wind towers Of the four responding producers that sell wind towers, one reported that it sells throughout the continental United States plus Alaska, Hawaii, Puerto Rico, and the U.S. Virgin Islands, two sell throughout the continental United States, and one sells in all areas of the United States except the Southeast and the Pacific. Part III presents the locations of production facilities in the United States.

One importer of nonsubject wind towers reported that it sells in all areas of the United States except the Southeast. All of the other importers consume the wind towers internally rather than shipping them to customers.

Because of the logistic complexity of overland shipping, producers with facilities in the interior of the country and their customers often face very high transportation costs relative to imports on the Atlantic and Pacific Coasts, and in other areas outside of the continental United States. Similarly, importers often face very high transportation costs when shipping inland (see Part V).

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, U.S. producers have the ability to respond to changes in demand with large changes in the quantity of shipments of wind towers to the U.S. market. The main contributing factor to this degree of responsiveness of supply is substantial excess capacity.

Industry capacity

Responding U.S. producers' production capacity increased throughout 2008-10, rising from 2,700 units in 2008 to 3,923 units in 2010, and was 3,163 units in January-September 2011 compared to 2,788 units in January-September 2010.[8] During 2008-10, capacity utilization rates ranged from a high of 94.7 percent in 2008 to a low of 44.6 percent in 2010. During January-September 2011, the capacity utilization rate was 50.2 percent as compared to 44.8 percent in January-September 2010.

Alternative markets

During 2008-10, exports as a share of total shipments were low, never exceeding *** percent in any period with only one producer ,***, reporting exports. There were no exports in ***.

[8] Information on plant closures and expansions or openings is presented in Part III.

Inventory levels

Since wind towers are typically produced to order for specific end users, inventories are typically low in this industry. During 2008-10, the ratio of inventories to total shipments ranged from a low of 2.3 percent in 2008 to a high of 3.5 percent in 2009. During January-September 2011, the ratio was 4.0 percent as compared to *** percent in January-September 2010.

Production alternatives

None of the responding U.S. producers reported that they produce other products on the manufacturing equipment used to make utility wind towers.

Supply constraints

One U.S. producer, ***, reported that it has declined to bid or been unable to supply wind towers only in situations when short-term demand has exceeded the sustainable capacity that *** has had in place at the time. During a period in late 2010 and early 2011, *** reported that it had temporary production challenges which reduced available capacity.

***, an importer and a purchaser of U.S.-produced wind towers, reported that it has experienced situations where its domestic manufacturers have declined to accept orders or have failed to meet timely shipping commitments.

***.

Foreign Supply

Subject Imports from China

Based on available information, the Chinese producers have the ability to respond to changes in demand with moderate to large changes in the wind towers shipped to the U.S. market. The main contributing factor to this degree of responsiveness of supply is substantial excess capacity.

Industry capacity

Chinese producers reported an annual production capacity increase from 1,088 units in 2008 to 1,332 units in 2010. During 2008-10, their annual capacity utilization rates ranged from a low of 68.8 percent in 2009 to a high of 87.2 percent in 2008. Their capacity utilization rate was 70.7 percent in January-September 2011 as compared to 67.3 percent in January-September 2010. They projected a capacity utilization rate of 74.4 percent for full-year 2011 and 71.9 percent in 2012.

Alternative markets

During 2008-10, home market shipments ranged from a low of *** percent of total shipments in 2008 to a high of *** percent in 2010. During January-September 2011 they accounted for *** percent of shipments as compared to *** percent in interim 2010. Home market shipments are projected to account for *** percent of total shipments in 2011, and *** percent in 2012. Exports to markets other than the United States were relatively modest during 2008-10, ranging from a low of *** percent of total shipments in 2008 to a high of *** percent in 2009. They are expected to remain below *** percent during 2011-12.

Inventory levels

During 2008-10, the Chinese producers' ratio of inventories to total shipments ranged from a low of *** percent in 2008 to a high *** percent in 2010.[9] During interim 2011, it was *** percent as compared to *** percent in interim 2010. The ratio is projected to be *** percent for full-year 2011 and *** percent for 2012. See Part VII for a discussion of the nature of foreign industry inventories.

Production alternatives

One producer, ***, reported that it plans to begin production of rotor houses in the future on the machinery and equipment used to produce wind towers. The other two Chinese producers do not produce or plan to produce other products on the manufacturing equipment used to make utility wind towers.

Subject Imports from Vietnam

Based on available information from one Vietnam producer, CS Wind (Vietnam),[10] the Vietnamese industry has the ability to respond to changes in demand with moderate changes in the wind towers shipped to the U.S. market. The main contributing factor to this degree of responsiveness of supply is ***.

Industry capacity

CS Wind (Vietnam) reported an annual production capacity ***.

Alternative markets

CS Wind (Vietnam) ***. During 2008-10, ***.

Inventory levels

During 2008-10, CS Wind (Vietnam)'s ratio of inventories to total shipments ranged from a low of *** percent in 2008 to a high *** percent in 2010. During interim 2011, it was *** percent as compared to *** percent in interim 2010. The ratio is projected to be *** percent for full-year 2011 and *** percent for 2012. See Part VII for a discussion of the nature of foreign industry inventories.

Production alternatives

CS Wind (Vietnam) reported that *** on the same manufacturing equipment used to produce wind towers. The firm attributed this ***.

[9] These inventories are items that have already been sold that are awaiting shipment by customers.

[10] ***.

Supply constraints

None of the importers reported that they have been unable to supply wind towers since January 1, 2008.

U.S. Demand

Demand Characteristics

All five responding U.S. producers and five of eight responding importers reported that the market is subject to business cycles or conditions of competition distinct to wind towers. Weather conditions frequently affect the transportation and construction of wind towers.[11] Questionnaire respondents also frequently noted that uncertainties concerning government tax policies are an important condition of competition that affects the demand for wind towers. The overall U.S. demand for wind towers is probably relatively insensitive to changes in price, due to the lack of close substitutes, and the relatively low cost of these inputs as a share of the final cost of wind turbines.

The demand for wind towers is derived from the demand for wind turbines. During 2008-10, U.S. shipments of wind turbines declined sharply from *** [12] MW in 2008 to *** [13] MW in 2009 and to *** [14] MW in 2010. Estimates of wind turbine shipments are not available for 2011. However, installed wind turbine capacity increased by 75 percent during the first nine months of 2011 as compared to the same period in 2010.[15] Despite this increase in 2011 over 2010, the installed capacity was significantly lower than installed capacity during the first nine months of 2009 and 2008. The overall decline in the market was attributed to the effects of the recession, a lack of project financing, lower energy demand and lower natural gas prices, a competing energy product.[16]

When asked whether the demand for wind towers had increased, remained unchanged, decreased or fluctuated since January 1, 2008, the majority of questionnaire respondents reported that demand had fluctuated. Among five responding producers, four reported that it had fluctuated and one reported that it had increased. Among eight responding importers, four reported that demand had fluctuated and four reported that it had decreased.[17] Factors cited by producers and importers that have affected the demand for wind towers have included the PTC, the costs of competing energy generation sources, and the recession.

Apparent Consumption

Apparent U.S. consumption of wind towers decreased from 5,338 units in 2008 to 3,698 units in 2009 and then decreased further to 2,858 in 2010. During January-September 2011, apparent U.S. consumption was 2,565 units as compared to 2,030 units in January-September 2010.

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[11] Conference transcript, p. 40 (Barczak).

[12] *World Market Update*, March 2009, p. 109.

[13] *World Market Update*, March 2010, p. 113.

[14] *World Market Update*, March 2011, p. 129.

[15] Petition, exhibit 28 (data from American Wind Energy Association); see also app. D.

[16] *USITC Executive Briefings on Trade*, June 2011. The wellhead price for natural gas decreased by more than 50 percent between January 2008 and October 2010. Energy Information Administration, www.eia.doe.gov., information retrieved January 25, 2012.

[17] Firms reporting that demand has "fluctuated" may be noting that after declining during 2008-10, installation of wind towers increased during the interim period in 2011 over the interim period in 2010.

Substitute Products

The majority of producers and importers reported that there are no substitutes for wind towers. A few firms cited lattice (truss or framework) towers or concrete towers as possible substitutes.

Cost Share

Estimates by producers and importers of the cost of wind towers as a share of the total cost of wind turbines ranged widely from 8 percent to 25 percent. The majority of estimates were 18 to 25 percent.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported wind towers depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is some substitutability between U.S.-produced wind towers and imports from China and Vietnam.[18] However, the towers requested by end users all have unique specifications, and cannot be sold to other end users.

Factors Affecting Purchases

The petitioners consider price to be the most important factor in purchases of wind towers.[19] In contrast, the respondents consider other factors more important. The respondent Chinese producers reported that U.S. producers have failed to meet the OEM's strict quality and delivery requirements.[20] Siemens, an end user that imports from China, reported that the price of wind towers is not very important since it only accounts for *** of the cost of a wind turbine. However, it considers transportation costs and risk very important, and attempts to qualify potential suppliers in a variety of locations in an effort to minimize those risk and expenses.[21]

Lead Times

All sales of wind turbines by producers are produced to order. Among responding producers, lead times between a customer's order and the dates of delivery ranged from 84 to 140 days. No importers sell wind turbines from China or Vietnam.

Comparisons of Domestic Products and Subject and Nonsubject Imports

All U.S. producers consider imports from the two subject countries to be "always" interchangeable with U.S.-produced wind towers, and a majority of responding importers consider the products from China to be "always" interchangeable with U.S.-produced wind towers (table II-1). Of the two importers that compared the U.S. product with imports from Vietnam, one reported that the products are "always" interchangeable, and one reported that they are "never" interchangeable. One importer, ***, reported that towers for *** turbines are built to *** specifications, and are interchangeable with

[18] Depending on the OEM, competition could be limited to qualified suppliers.

[19] Petitioner's postconference brief, p. 26.

[20] Foreign producers' postconference brief, p. 2.

[21] Siemens' postconference brief, pp. 17-18.

other towers built to the same *** specification, regardless of the manufacturer or the country of origin. Another importer, *** reported that the wind towers that it purchases are never interchangeable with any other wind tower manufactured or delivered for any other purchaser.

Table II-1
Wind towers: Perceived degree of interchangeability of product produced in the United States and in other countries, by country pairs

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
U.S. vs. China	5	0	0	0	3	0	1	1
U.S. vs. Vietnam	5	0	0	0	1	0	0	1
U.S. vs. Canada	5	0	0	0	3	1	1	0
U.S. vs. Korea	5	0	0	0	3	2	1	1
U.S. vs. Mexico	4	0	0	0	3	1	0	0
U.S. vs. Other countries	2	0	0	0	4	1	1	1
China vs. Vietnam	3	0	0	0	0	0	0	0
China vs. Canada	3	0	0	0	1	0	1	0
China vs. Korea	2	0	0	0	1	0	1	0
China vs. Mexico	2	0	0	0	2	0	0	0
China vs. Other countries	2	0	0	0	1	0	1	0
Vietnam vs. Canada	3	0	0	0	0	0	0	0
Vietnam vs. Korea	2	0	0	0	0	0	0	0
Vietnam vs. Mexico	2	0	0	0	0	0	0	0
Vietnam vs. Other countries	2	0	0	0	0	0	0	0
Canada vs. Korea	3	0	0	0	2	0	2	0
Canada vs. Mexico	3	0	0	0	1	1	1	0
Canada vs. Other countries	2	0	0	0	2	1	2	0
Korea vs. Mexico	2	0	0	0	1	1	1	0
Korea vs. Other countries	2	0	0	0	2	1	2	0
Mexico vs. Other countries	2	0	0	0	1	1	1	0

Note.-- “A” = Always, “F” = Frequently, “S” = Sometimes, and “N” = Never.

Source: Compiled from data submitted in response to Commission questionnaires.

A majority of producers reported that differences in factors other than price between U.S.-produced and imported products from China and Vietnam are “sometimes” or “never” significant in their sales of wind towers (table II-2). In contrast, a majority of importers reported that such factors are always significant. *** customer’s project site are more significant to the competitiveness of a particular wind tower manufacturer than the cost of the tower itself. ***.

Table II-2
Wind towers: Perceived importance of factors other than price between product produced in the United States and in other countries, by country pairs

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
U.S. vs. China	1	0	2	2	3	0	0	1
U.S. vs. Vietnam	1	0	2	2	2	0	0	0
U.S. vs. Canada	1	0	1	3	1	1	1	1
U.S. vs. Korea	1	0	2	2	2	1	0	1
U.S. vs. Mexico	1	0	0	4	1	0	1	0
U.S. vs. Other countries	1	0	1	1	3	1	1	1
China vs. Vietnam	1	0	0	2	0	0	0	0
China vs. Canada	1	0	1	1	0	0	0	1
China vs. Korea	1	0	1	1	0	0	0	1
China vs. Mexico	1	0	1	1	1	0	0	0
China vs. Other countries	1	0	1	1	0	0	0	1
Vietnam vs. Canada	1	0	1	1	0	0	0	0
Vietnam vs. Korea	1	0	1	1	0	0	0	0
Vietnam vs. Mexico	1	0	1	1	0	0	0	0
Vietnam vs. Other countries	1	0	1	1	0	0	0	0
Canada vs. Korea	1	0	1	2	0	1	0	1
Canada vs. Mexico	1	0	1	3	0	0	0	0
Canada vs. Other countries	1	0	0	1	0	1	0	1
Korea vs. Mexico	1	0	1	1	0	0	0	0
Korea vs. Other countries	1	0	1	1	0	1	0	1
Mexico vs. Other countries	1	0	1	1	0	0	0	1

Note.-- "A" = Always, "F" = Frequently, "S" = Sometimes, and "N" = Never.

Source: Compiled from data submitted in response to Commission questionnaires.

***.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged subsidies and alleged margins of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of six firms that accounted for the vast majority of U.S. production of wind towers during 2010.

There are currently fourteen companies with 19 facilities capable of producing wind towers (table III-1 and figure III-1). An additional company has pilot production of concrete tower base sections, which are base sections of the tower on which a tubular steel tower can be added. At least four firms (each of the petitioners) have multiple plants. The largest concentration of plants is in the Midwest and Oklahoma/Texas. There are also two plants on the West Coast, two in Colorado, and one in Tennessee. Tindall's pilot production of tower base sections is in Georgia.

Table III-1
Wind towers: U.S. facilities capable of producing wind towers

Firm	Plant location
Ameron International/National Oilwell Varco	Fontana, CA
Broadwind	Manitowoc, WI; Abilene, TX
Dragon Wind	Lamar, CO
DMI	West Fargo, ND; Tulsa, OK
Johnson Plate & Tower Fabrication	Canutillo, TX
Katana	Columbus, NE; Ephrata, WA
Martifer-Hirschfeld Energy Systems	San Angelo, TX
SIAG Aerisyn	Chattanooga, TN
SMI & Hydraulics	Porter, MN
Tindall	Atlanta, GA
Trinity	Newton, IA; Clinton, IL; Coleman, TX
Tubular Structures International	McGregor, TX
Valmont Newmark	Not available
Ventower	Monroe, MI
Vestas	Pueblo, CO

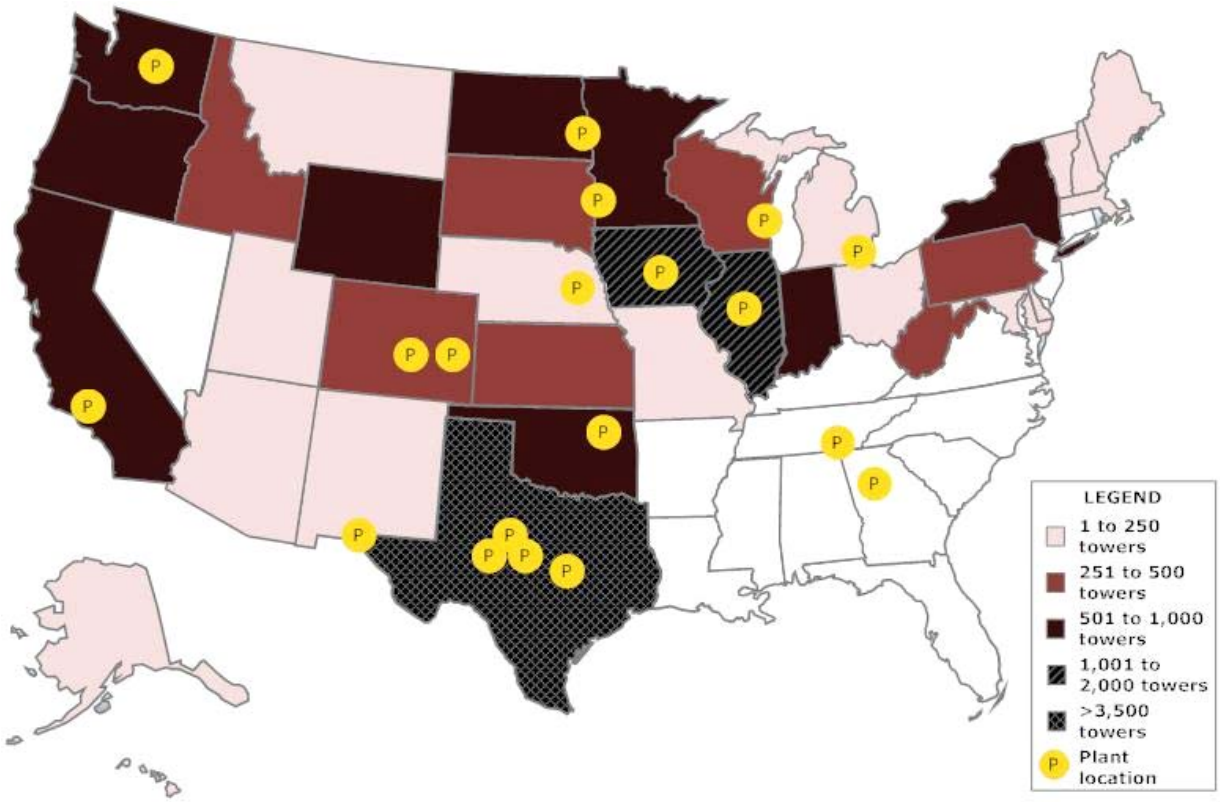
Table continued on next page.

Table III-1--*Continued*
Wind towers: U.S. facilities capable of producing wind towers

Notes.--Broadwind also has a plant in Brandon, SD that it has not opened for production. Gamesa ended production at its plant in Pennsylvania in 2008. Trinity closed plants in Tulsa, OK and Denton, TX. In 2011, Gestamp Worthington Wind Steel announced plans to build a tower plant in Wyoming and Schuff Steel announced plans to build a plant in Kansas. Tindall plans to build a plant to build concrete tower bases in Kansas. Tindall's current production of wind towers in Georgia is only pilot production.

Source: Conference transcript, pp. 28, 66 (Janda), 38 (Reinhardt), and 40 (Cole); table III-2; Broadwind Energy, "Broadwind Energy Subsidiary Tower Tech Holds Ribbon-Cutting Ceremony at Texas Facility," News release, June 9, 2009, http://www.bwen.com/pdf/44.pdf; DMI Web site, http://www.dmiindustries.com/about/profile.php (accessed January 24, 2012); Katana Summit Web site, http://www.katana-summit.com/contact.htm (accessed January 24, 2012); SMI & Hydraulics Web site, http://smihyd.com/wind-tower-manufacturing/ (accessed January 18, 2012) Valmont Web site, http://www.valmont.com/page.aspx?id=95&pid=107 (accessed January 18, 2012).

Figure III-1
Wind towers: Plant locations as of January 2012 and installations 2008–11



Notes.- -Does not include Valmont as its wind tower production location is not available. Tindall plant in Georgia is pilot production. There were shifts in the leading states in tower installations during 2008–11. For example, Texas and Iowa accounted for a combined 51.4 percent of tower installations in 2008, but only 12.1 percent of tower installations in 2011. Location of wind tower plants is approximate.

Source: Compiled from table III-1 and appendix table D-III.

During 2008–11, nine new plants started wind tower production and at least two companies completed upgrades to existing plants (table III-2). Three plants ended wind tower production and though DMI built a new plant in South Dakota, production was not started at this plant. There have been several new plants announced, but information is not available regarding whether these plants will be completed.

Table III-2
Wind towers: Activities affecting U.S. capacity, based on publicly available data, 2008–11

Date	Company	Plant location	Description of activity
2008			
June	Katana	Columbus, NE	**Plant opening**
October	Trinity	Newton, IA	**Plant opening:** Produced first tower at plant with an annual capacity of 300 towers.
	RTLC/Tubular Structures International	McGregor, TX	**Plant construction:** RTLC, now Tubular Structures International, starts construction. Completion date not available.
2nd Half	Gamesa	Fairless Hills, PA	**Plant closing:** Ended tower production at plant (continue to produce nacelles at this location).
2009			
January	Trinity	Tulsa, OK	**Plant closing**
August	SIAG Aerisyn	Chattanooga, TN	**Announcement:** Capacity expansion announced. No information available on whether completed.
June	Broadwind	Abilene, TX	**Plant opening**
Not available	Ameron International/ National Oilwell Varco	Fontana, CA	**Production expansion/upgrade:** Completed construction of a new plant that expanded its production capacity.
	Dragon Wind	Lamar, CO	**Plant opening**
Prior to early 2010	Johnson Plate & Tower Fabrication	Canutillo, TX	**Plant expansion/upgrade:** $4 million upgrade to plant
2010			
January	Johnson Plate & Tower Fabrication	Santa Teresa, NM	**Announcement:** Announced plans for second plant; expansion plan subsequently put on hold.
	Tindall	Newton, KS	**Announcement:** Plan to build a new facility in Newton, KS.
1st Quarter	Broadwind	Brandon, SD	**Plant construction:** Finished construction of plant, but did not start production.
October	Vestas	Pueblo, CO	**Plant opening:** Opened plant with an annual capacity of up to 1,090 towers.

Table continued on next page.

Table III-2--*Continued*
Wind towers: Activities affecting U.S. capacity, based on publicly available data, 2008–11

Date	Company	Plant location	Description of activity
2011			
January	Schuff Steel	Ottawa, KS	**Announcement:** Announced plans to build wind tower plant.
February	Gestamp Worthington Wind Steel	Cheyenne, WY	**Announcement:** Announced plans to build a wind tower plant with an annual capacity of more than 300 towers per year.
1st Quarter	Martifer-Hirschfeld Energy Systems	San Angelo	**Plant opening:** Started production at plant with an annual capacity up to 400 towers.
August	Ventower	Monroe, MI	**Plant opening**
Date not available			
Not available	Trinity	Denton, TX	**Plant closing**
	Tindall	Atlanta, GA	**Plant opening:** Pilot production of concrete tower bases at existing plant in Atlanta, GA.

Note.- -Announcements are only those for plants which are not yet in commercial production and that have not been canceled. Based on publicly available information.

Source: Petitioners postconference brief, exh. 12; *North Platte Bulletin*, "Windmill Manufacturer Builds in Columbus," June 17, 2008, http://www.northplattebulletin.com; Broadwind Energy, Inc., "Form 10-K," Annual report for Securities and Exchange Commission, March 16, 2011, p. 15, http://www.bwen.com/Investors_7803.aspx; Vestas, "New Wind Towers Factory in Pueblo, Colo–the World's Largest–Officially Opens for Business," October 12, 2010, http://www.vestas.com/en/media/news/news-display.aspx?action=3&NewsID=2413; Kiah Collier, "Plant Now in Production," *Standard Times*, February 22, 2011, http://www.gosanangelo.com/news/2011/feb/22/martifer-hirschfeld-expected-to-release-details/?print=1; Schuff International, "Schuff Steel Moving Ahead With Wind Tower Manufacturing Plans," News release, January 7, 2011, http://ir.schuff.com/easyir/prssrel.do?easyirid=4E3E4E2B5A87F2EB&version=live&releasejsp=release_145&prid=706130;John Anastasi, "Gamesa to End Tower Production," *The Intelligencer*, August 24, 2008, http://www.windaction.org/news/17594; Karen Zatkulak, "New Jobs Following Aerisyn Acquisition," *WTVC*, August 24, 2009, http://www.newschannel9.com/articles/aerisyn-983998-plant-taken.html; Ameron International Corp., "Form 10-K," Annual report for Securities and Exchange Commission, January 29, 2010, pp. 8, 22, http://phx.corporate-ir.net/phoenix.zhtml?c=87370&p=irol-sec; Ameron International Corp., "Ameron Wind Towers" brochure, http://www.nov.com/uploadedFiles/Business_Groups/Distribution/Wind_Towers/brochure.pdf (accessed January 18, 2012); *North American Windpower*, "Ventower Marks Opening Of Manufacturing Facility," August 10, 2011, http://www.nawindpower.com/e107_plugins/content/content.php?content.8381; Vic Kolenc, "A Little Green: El Paso Near Smallest of 'Clean' Economies," El Paso Times, July 13, 2011, http://www.elpasotimes.com/news/ci_18465186;Vic Kolenc, "Wind Tower Production: Canutillo Factory is Ready to Meet Demand," *El Paso Times*, January 24, 2010, http://www.istockanalyst.com/article/viewiStockNews/articleid/3805023; John W. McCurry, "New Heights," *Site Selection Magazine*, November 2011, http://www.siteselection.com/issues/2011/nov/kansas.cfm; Tindall Corp., "Tindall To Build Dedicated Wind Tower Base Plant In Kansas," News release, January 18, 2010, http://www.tindallcorp.com/news/011810.html; Broadwind Energy, "Broadwind Energy Subsidiary Tower Tech Holds Ribbon-Cutting Ceremony at Texas Facility," News release, June 9, 2009, http://www.bwen.com/pdf/44.pdf; Mark W. Stiles, Written testimony submitted to the Senate Committee on Environment and Public Works, Business Opportunities and Climate Policy, Hearing, May 19, 2009; pp. 4–5, http://epw.senate.gov/public/index.cfm?FuseAction=Files.View&FileStore_id=6985f489-5eea-42f4-91c6-4f29db6dfe25; "Trinity Industries Closes Railcar Plant ," *Manufacturing.net*, January 29, 2009, http://www.manufacturing.net/news/2009/01/trinity-industries-closes-railcar-plant?menuid=274; North American Windpower, "Construction For RTLC Windtowers Facility Is Under Way," October 2, 2008, http://www.nawindpower.com; Tubular Structures International Web site, http://www.tsitx.com; North American Windpower, "Gestamp, Worthington To Build Wind Tower Manufacturing Facility In Wyoming," February 16, 2011, http://www.nawindpower.com/e107_plugins/content/content.php?content.7358; AWEA, "Windpower Outlook 2010," http://archive.awea.org/pubs/documents/Outlook_2010.pdf.

U.S. PRODUCERS

The Commission issued producer questionnaires to 18 U.S. companies identified in the petition and through independent staff research as possible U.S. producers of wind towers. Out of these 18 companies, six provided useable data, none provided incomplete data, two certified that they had not produced wind towers since January 1, 2008,[1] and the remaining ten provided no response.[2] [3]

[1] *** reported that while it had not produced wind towers, the firm was trying to enter the U.S. wind tower market. The firm reported that one of the reasons it had not been able to sell any wind towers was that it was unable to compete with lower-priced wind towers imported from China and Vietnam.

[2] Petitioners assert that the questionnaire responses received represent the vast majority of U.S. production that currently exists, but that there are a number of producers which shut down and have not provided questionnaire responses. Petitioners' postconference brief, Exh. 1, p. 10. Respondents concur that the majority of U.S. production is covered by the questionnaires received. Conference transcript, p. 130 (Feldman) and Respondent foreign producers' postconference brief, p. 4.

Petitioners noted that the following firms, which provided no response, are either not significant domestic producers or ceased operations during the period for which data were collected: Bergen Southwest Steel/Johnson Plate & Tower Fabrication, TX (produced towers exclusively for Mitsubishi with an estimated 2010 production of less than 100 towers), Dragon Wind, CO (no significant utility scale wind towers), Gamesa Towers, PA (shut down late 2008/early 2009), Martifer-Hirschfeld Energy Systems, TX (no production as of January 2011), RTLC Wind Towers, TX (has not completed production facility which began construction in 2008), SMI & Hydraulics, MN (produced very limited number), T. Bailey, WA (Katana purchased and incorporated wind tower operation prior to 2010), and SIAG, TN (new 250 wind tower facility commenced production in late 2009 and produced approximately 60 towers in 2010, although it is reported in 2011 to be exiting the wind tower industry). Petition, Exhibit I-3a.

[3] The following tabulation provides data on the U.S. producers that did not provide a response:

Firm	2010 production (*units*)	Capacity (*units*)
Dragon Wind	No known production	up to 600
Gamesa	None	Closed in 2008 (production capacity was 300 towers)
Johnson Plate & Tower Fabrication	100	250
Martifier-Hirschfeld Energy Systems	None. (Opened in 2011)	400
SIAG Aerisyn	60	250
SMI & Hydraulics	Limited production	Not available
Tindall	Pilot production only	Pilot production only
Tubular Structures International	Not available	200-400
Valmont Newmark	less than 5	Not available
Ventower	None (Opened in 2011)	250-300

(continued...)

Table III-3 lists current (reporting) domestic producers of wind towers and each company's position on the petition, production location(s), related and/or affiliated firms, and share of reported production of wind towers in 2010.

Table III-3
Wind towers: U.S. producers, positions on the petition, U.S. production locations, related and/or affiliated firms, and shares of 2010 reported U.S. production

Firm	Position on petition	U.S. production location(s)	Related and/or affiliated firms	Share of production (*percent*)
Ameron Wind Towers	***	Fontana, CA	None[1]	***
Broadwind Towers, Inc	Support	Manitowoc, WI Abilene, TX Brandon, SD	None[2]	***
DMI Industries, Inc.	Support	West Fargo, ND Tulsa, OK	DMI Canada[3]	***
Katana Summit, LLC	Support	Columbus, NE Ephrata, WA	None[4]	***
Trinity Structural Towers, Inc.	Support	Coleman, TX Clinton, IL Newton, IA	TIMSA (Mexico)[5]	***
Vestas Towers America, Inc.	***	Pueblo, CO	Vestas-American Wind Technology (OR) Vestas Towers A/S (Denmark)[6]	***

Table continued on next page.

[3] (...continued)

Note.- -Valmont only produces towers for turbines up to 660 kW and less than five turbines in this size range were installed in 2010 and the first three quarters of 2011.

Source: Petition, exh. I-3a; tables III-1, III-2, and F-3; Gamesa, "Gamesa Expands its Industrial Capacity in the United States with three new factories in Pennsylvania," News release, March 7, 2006, http://www.gamesacorp.com; Dragon Wind Web site, http://modernusa.com/dragonProducts/dragonWind (accessed January 27, 2012); Monroe County Industrial Development Corporation, "Officials Dedicate Ventower Industries," http://www.monroecountyidc.com/news/?p=325 (accessed January 25, 2012); Vic Kolenc, "High-tech, High-wage Jobs: Canutillo Company Plans Wind-tower Plant," *El Paso Times*, January 9, 2010, http://www.istockanalyst.com/article/viewiStockNews/articleid/3769874; Leslie Berkman, "Inland Producer of Towers for Wind Turbines Hit Hard by Downturn," *The Press-Enterprise*, December 4, 2009, http://www.istockanalyst.com/article/viewiStockNews/articleid/3688424; Tubular Structures International Web site, http://www.tsitx.com/aboutus.php and http://www.tsitx.com/windtowers.php (accessed January 27, 2012); Valmont Web site, http://www.valmont.com/page.aspx?id=95 (accessed January 27, 2012).

Table III-3--*Continued*
Wind towers: U.S. producers, positions on the petition, U.S. production locations, related and/or affiliated firms, and shares of 2010 reported U.S. production

[1] Ameron is ***.
[2] Broadwind is ***.
[3] DMI is ***.
[4] Katana is ***.
[5] Trinity is ***.
[6] Vestas Towers is ***.

Note.–Because of rounding, shares may not total to 100.0 percent.

Source: Compiled from data submitted in response to Commission questionnaires.

As indicated in table III-3, no U.S. producers are related to foreign producers of the subject merchandise and one is related to U.S. importers of the subject merchandise. In addition, one U.S. producer imports the subject merchandise or purchased the subject merchandise from U.S. importers.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

U.S. producers' capacity, production, and capacity utilization data for wind towers are presented in table III-4 and figure III-2. Table III-5 presents U.S. capacity, production, and capacity utilization for each of the U.S. producers' facilities.[4] U.S. production capacity increased between 2008 and 2010, and was higher in January-September 2011 compared with January-September 2010. Production capacity increased in 2009 mainly with ***. These increases were partially offset by ***. Production capacity increased in 2010 as a result of ***. The higher production capacity in January-September 2011 relative to January-September 2010 was largely due to ***.

Unlike capacity, U.S. production declined in each year between 2008 and 2010, although it was higher in January-September 2011 compared with January-September 2010. Each U.S. producer reported declines between 2008 and 2010 in overall production and in each of the firms' facilities except ***. As the Petitioners note, demand for wind towers declined substantially in 2009 and continued into 2010 as a result of the financial crisis, which in turn affected domestic wind tower production.[5] U.S. producer Trinity stated that "orders and deliveries for structural wind towers have been slow since mid-2008 when green energy companies encountered tightened credit markets coupled with lower prices for electricity and natural gas sales."[6]

[4] Also noted in the table are the facilities qualified to produce wind towers for the largest OEMs in the United States, GE and Siemens. GE reported that ***. Siemens stated that prior to 2008 the only qualified U.S. producer was Ameron. Since then ***. Email from ***, January 24, 2012, conference transcript, p. 110 (Hauer), and Respondent Siemens' postconference brief, Exh. B.

[5] Conference transcript, pp. 32-33 (Barczak), petition, pp. 27-28, and Petitioners' postconference brief, pp. 11-12. This trend was also noted by respondents. Respondent foreign producers' postconference brief, p. 11.

[6] Trinity 2010 10-K, p. 9.

Table III-4
Wind towers: U.S. capacity, production, and capacity utilization, 2008-10, January-September 2010, and January-September 2011

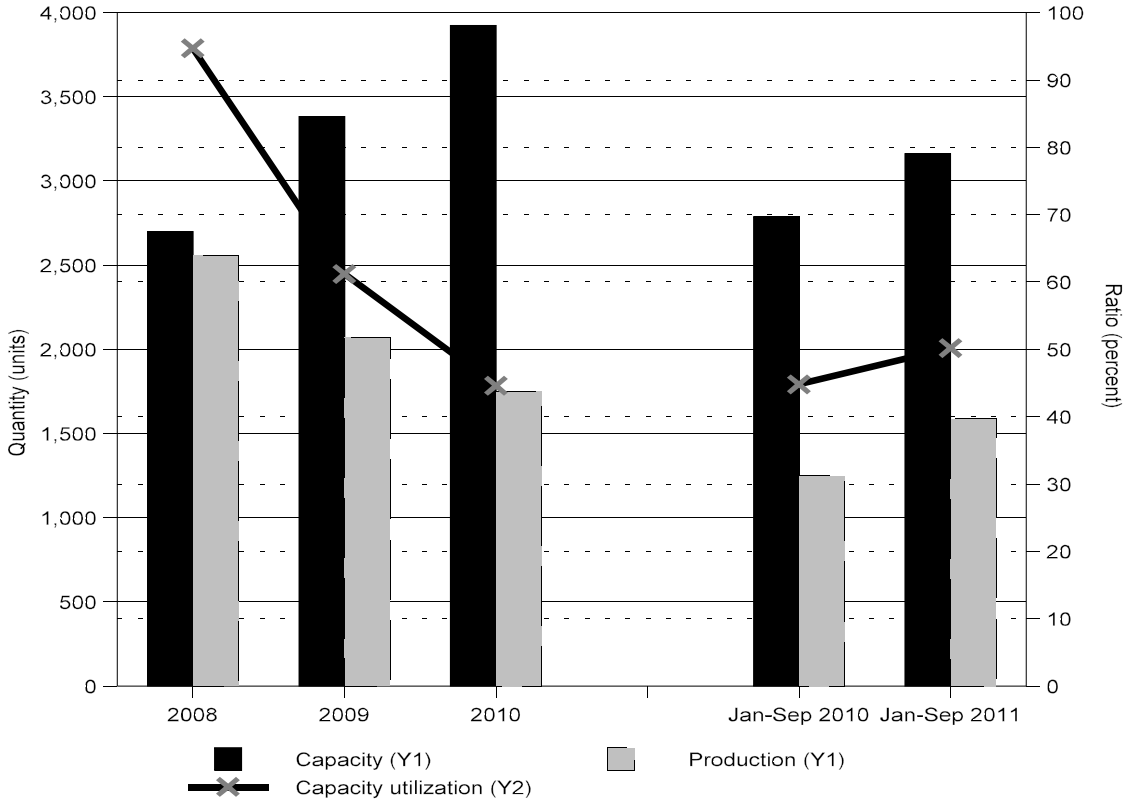
Item	Calendar year			January-September	
	2008	2009	2010	2010	2011
Capacity (*units*)[1]	2,700	3,383	3,923	2,788	3,163
Production (*units*)	2,556	2,069	1,751	1,248	1,588
Capacity utilization (*percent*)	94.7	61.2	44.6	44.8	50.2

[1] ***.

Note.–***.

Source: Compiled from data submitted in response to Commission questionnaires.

Figure III-2
Wind towers: U.S. producers' U.S. capacity, production, and capacity utilization, 2008-10, January-September 2010, and January-September 2011



Source: Table III-4.

Table III-5
Wind towers: U.S. capacity, production, and capacity utilization, by facility, 2008-10, January-September 2010, and January-September 2011

* * * * * * *

Reported constraints in the manufacturing process for U.S. producers include skilled labor, limitations of capital equipment and building size, and lack of demand (including uncertainty of PTC renewal).

None of the U.S. producers reported producing or anticipated producing other products on the same equipment, machinery, and using the same production and related workers employed to produce wind towers.

All of the U.S. producers reported changes in capacity due to acquisitions, relocations, production curtailments, and/or plant closures. Table III-6 lists these events that have occurred since 2008.

Table III-6
Wind towers: Changes in the character of U.S. producers' operations since 2008

* * * * * * *

U.S. PRODUCERS' SHIPMENTS

Data on U.S. producers' shipments of wind towers are presented in table III-7. Only one U.S. producer, ***, reported exporting wind towers ***. In addition, one U.S. producer, *** reported internal consumption and transfers to related firms. U.S. producers' U.S. shipments decreased by 32.1 percent by quantity from 2008 to 2010, but recovered in January-September 2011 by 27.0 percent, when compared to January-September 2010.

Table III-7
Wind towers: U.S. producers' shipments, by types, 2008-10, January-September 2010, and January-September 2011

Item	Calendar year			January-September	
	2008	2009	2010	2010	2011
Quantity (*units*)					
U.S. shipments	2,547	2,056	1,730	1,229	1,561
Export shipments	0	0	***	***	0
Total shipments	2,547	2,056	***	***	1,561
Value (*1,000 dollars*)					
U.S. shipments	729,596	585,795	521,226	350,562	505,342
Export shipments	0	0	***	***	0
Total shipments	729,596	585,795	***	***	505,342
Unit value (*per unit*)					
U.S. shipments	$286,453	$284,920	$301,287	$285,242	$323,730
Export shipments	([1])	([1])	***	***	([1])
Total shipments	286,453	284,920	***	***	323,730
Share of quantity (*percent*)					
U.S. shipments	100.0	100.0	***	***	100.0
Export shipments	0.0	0.0	***	***	0.0
Total shipments	100.0	100.0	100.0	100.0	100.0

[1] Not applicable.

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' INVENTORIES

Wind towers are generally produced to each OEM turbine manufacturer's unique specifications after the specific utility scale power generation wind farm project receives financing and the turbine manufacturer awards the bid to suppliers. As a result, U.S. producers do not typically produce wind towers for inventory.[7] [8] Three U.S. producers, ***, reported end-of-period inventories (table III-8). ***.

[7] Petition, pp. 23-24.

[8] U.S. producers noted that wind towers might be held in storage yards awaiting delivery arrangements, but that the title is passed to the OEM prior to this. Conference transcript, pp. 48-49 (Cole, Barczak, and Janda).

Table III-8
Wind towers: U.S. producers' end-of-period inventories, 2008-10, January-September 2010, and January-September 2011

Item	Calendar year			January-September	
	2008	2009	2010	2010	2011
Inventories (*units*)	58	71	57	43	84
Ratio to production (*percent*)	2.3	3.4	3.3	2.6	4.0
Ratio to U.S. shipments (*percent*)	2.3	3.5	3.3	2.6	4.0
Ratio to total shipments (*percent*)	2.3	3.5	***	***	4.0

Note.–Partial-year ratios are based on annualized production and shipments.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports and purchases of wind towers are presented in table III-9.[9] Only one U.S. producer, ***, reported purchases and reported imports by a related firm. *** stated that "***."

Table III-9
Wind towers: U.S. producers' imports and purchases, 2008-10, January-September 2010, and January-September 2011

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' aggregate employment data for wind towers are presented in table III-10. The number of production and related workers ("PRWs") employed by domestic wind tower producers fluctuated between 2008-10, ending in 2010 with 179 fewer PRWs (9.6 percent) than in 2008, but was higher in January-September 2011 compared with January-September 2010. During 2008-10, three U.S. producers (***) reported a decline in PRWs in each year, two U.S. producers (***) reported increases, and one U.S. producer (***) reported a fluctuating number of PRWs in each year, although ending 2010 with a ***. All but two U.S. producers (***) reported a higher number of PRWs in January-September 2011 compared with January-September 2010.

During the period for which data were collected, the two U.S. producers reporting increases in PRWs opened facilities, although ***. ***, one of the U.S. producers to report declines in PRWs ***.[10]

[9] The Petitioners contend that no firm should be excluded from the domestic industry as a related party. Conference transcript, p. 47 (Price) and p. 51 (Pickard) and Petitioners' postconference brief, Exh. 1, p. 11. Respondents concur that no particular firm should be excluded as a related party. Respondent Siemens' postconference brief, Staff questions and answers, p. 1, and Respondent foreign producers' postconference brief, p. 17.

[10] ***.

Table III-10
Wind towers: U.S. producers' employment-related data, 2008-10, January-September 2010, and January-September 2011

Item	Calendar year			January-September	
	2008	2009	2010	2010	2011
Production and related workers (PRWs)	1,874	1,576	1,695	1,636	2,044
Hours worked by PRWs (*1,000 hours*)	3,692	2,962	3,332	2,341	3,235
Hours worked per PRW	1,970	1,879	1,966	1,431	1,583
Wages paid to PRWs (*1,000 dollars*)	104,345	84,951	94,340	62,733	85,939
Hourly wages	28.26	28.68	28.31	26.80	26.57
Productivity (*units produced per 1,000 hours*)	0.7	0.7	0.5	0.5	0.5
Unit labor costs (*per unit*)	$40,824	$41,059	$53,878	$50,267	$54,118

Source: Compiled from data submitted in response to Commission questionnaires.

PART IV: U.S. IMPORTS, APPARENT CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission issued questionnaires to 38 firms believed to be importers of subject wind towers, as well as to all U.S. producers of wind towers.[1] Eleven firms submitted useable questionnaires. These firms accounted for 94.5 percent of total imports from China and 99.9 percent of total imports from Vietnam between January 2008 and December 2010 under HTS subheading 7308.20.0000, a broad category, and 98.6 percent from China and 100 percent from Vietnam between January and September 2011 under the more narrow HTS statistical reporting number 7308.20.0020.[2] [3] Table IV-1 lists all responding U.S. importers of wind towers from China, Vietnam, and other sources, their locations, and their shares of reported U.S. imports, in 2010 (by quantity, i.e., number of units).[4]

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection ("Customs"), may have imported at least greater than one percent of total imports under HTS subheading 7308.20.0000 in any one year since 2008.

[2] *** reported importing wind towers from nonsubject sources, but did not provide useable data.

[3] All responding firms (including those certifying that they had not imported wind towers since January 1, 2008) represented 95.3 percent of imports from China, 99.9 percent of imports from Vietnam, and 76.1 percent of imports from all other sources during 2008-10 under HTS subheading 7308.20.0000, and 98.8 percent from China, 100 percent from Vietnam, and 73.4 percent from all other sources under HTS statistical reporting number 7308.20.0020. Respondents concur that the questionnaire data are an accurate reflection of imports, but Petitioners noted concerns with the questionnaire data, specifically the lack of response from a number of foreign producers in subject countries and the reconciliation between importer questionnaire data and reported export data for 2011 and 2012. Conference transcript, p. 130 (Feldman), Respondent foreign producers' postconference brief, pp. 4-5, and Petitioners' postconference brief, Exh. 1, pp. 8-9.

[4] Jyoti Structures Ltd., which represented approximately *** percent of 2011 imports from nonsubject countries, did not provide a questionnaires response but is an electrical transmission firm which manufactures primarily electrical transmission line towers. "Brochure", Jyoti Structures Limited, found at http://www.jsl.in/JSLResources/Brochure%20JSL.pdf, retrieved on January 23, 2012.

Vasco Winds LLC, which also did not provide a questionnaire response, was the *** largest importer of record from nonsubject sources in January-September 2011, with $*** (*** metric tons) from Korea, or approximately *** percent, by value. Vasco Wind Project, located in Contra Costa County, CA (outside of San Francisco), involves replacing 438 older wind turbines with 34 newer 2.3 MW wind turbines in the first phase, with an anticipated in-service date of December 2011. "Re-planting the Vasco wind farm," Brentwood Press September 8, 2011, found at http://www.thepress.net/pages/full_story/push?article-Re-planting+the+Vasco+wind+farm%20&id=15440305, retrieved on January 23, 2012, and "NextEra Energy Resources Portfolio, December 31, 2011," NextEra, found at http://www.nexteraenergyresources.com/pdf_redesign/portfolio_by_region.pdf, retrieved on January 23, 2012.

Table IV-1
Wind towers: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports in 2010

Firm	Headquarters	Source of imports	Share of imports *(percent)*			
			China	Vietnam	Other	Total
Acciona Windpower North America	West Branch, IA[1]	***	***	***	***	***
Clipper Windpower	Carpinteria, CA[2]	***	***	***	***	***
DeWind	Irvine, CA[3]	***	***	***	***	***
Gamesa Wind US[4]	Langhorne, PA[5]	***	***	***	***	***
GE Generators (Pensacola)	Pensacola, FL[6]	***	***	***	***	***
Kousa International	Los Angeles, CA	***	***	***	***	***
Mitsubishi Power Systems Americas	Newport Beach, CA[7]	***	***	***	***	***
Ralls Corporation	Dover, DE	***	***	***	***	***
Siemens Energy	Orlando, FL[8]	***	***	***	***	***
TransCanada Maine Wind Development	Westborough, MA[9]	***	***	***	***	***
Vestas-American Wind Technology	Portland, OR[10]	***	***	***	***	***
Total			100.0	100.0	100.0	100.0

[1] Acciona is ***.
[2] Clipper is ***.
[3] DeWind is ***.
[4] Gamesa also included data for ***.
[5] Gamesa is ***.
[6] GE is ***.
[7] Mitsubishi Power is ***.
[8] Siemens is ***.
[9] TransCanada is ***.
[10] Vestas Wind is ***.

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. IMPORTS

Table IV-2 presents data for U.S. imports of wind towers from China, Vietnam, and all other sources. Imports from China, Vietnam, and all other sources declined in each year during 2008-10 (by *** percent, *** percent, and 62.2 percent, respectively in quantity terms), but imports from China and Vietnam were higher in January-September 2011 compared with January-September 2010.[5]

Three importers (***) accounted for the vast majority of imports from China during the period for which data were collected, one importer (***) for virtually all imports from Vietnam, and four importers (***) accounted for the vast majority of imports from all other sources.

One of the top importers of wind towers from ***, Siemens, reported that it imports as an alternative source to domestic producers. Siemens reported that prior to late 2009, it had only one qualified domestic producer, Ameron. Other U.S. producers were qualified in late 2009 and in 2011, and another domestic producer is in the process of qualifying. Siemens also stated that it imports as the domestic producers have not always been reliable suppliers (citing quality issues, failing to deliver, or inability to produce due to insufficient capacity) or not did have adequate geographic coverage (citing inadequate or non-existent domestic production facilities in required geographic locations or inability to deliver to location).[6]

Another top importer of wind towers from ***, ***, reported that ***.[7]

***, the leading importer of subject merchandise from ***, reported that ***. *** further noted that ***.

Of the other top importers of imports from ***, ***.[8] ***, which reported a decline in imports (falling from *** percent and *** percent of total imports from nonsubject sources in 2008 and 2009, respectively, to *** percent in 2010), noted that demand for its wind turbines had declined and that "it had sufficient stock {of wind towers} to cover projects which it had been awarded."[9]

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[5] Three importers (***) accounted for the higher level of imports from China in January-September 2011 compared with January-September 2010 and two importers (***) accounted for the higher level of imports from Vietnam between same periods.

[6] Respondent Siemens' postconference brief, p. 9, and conference transcript, p. 17 (Feldman) and pp. 110-112 (Hauer).

[7] *** response to the importers' questionnaire and email from ***, January 24, 2012.

[8] "Frequently Asked Questions," Korindo Wind, found at http://www.korindowind.com/faq, retrieved on January 30, 2012.

[9] Email from ***, January 25, 2012, and ***.

Table IV-2
Wind towers: U.S. imports, by sources, 2008-10, January-September 2010, and January-September 2011

Source	Calendar year			January-September	
	2008	2009	2010	2010	2011
			Quantity (*units*)		
China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	993	705	448	280	703
Nonsubject	1,798	937	680	521	301
Total	2,791	1,642	1,128	801	1,004
			Value (*1,000 dollars*)[1]		
China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	323,115	226,230	158,699	98,626	193,775
Nonsubject	621,037	316,952	223,179	164,699	91,367
Total	944,152	543,182	381,878	263,325	285,142
			Unit value (*per unit*)[1]		
China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	$325,393	$320,894	$354,239	$352,236	$275,640
Nonsubject	361,278	364,313	328,688	316,729	303,545
Average	348,139	344,877	338,845	329,156	284,006
			Share of quantity (*percent*)		
China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	35.6	42.9	39.7	35.0	70.0
Nonsubject	64.4	57.1	60.3	65.0	30.0
Total	100.0	100.0	100.0	100.0	100.0
			Share of value (*percent*)		
China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	34.2	41.6	41.6	37.5	68.0
Nonsubject	65.8	58.4	58.4	62.5	32.0
Total	100.0	100.0	100.0	100.0	100.0

[1] Landed, U.S. port of entry, duty-paid.

Source: Compiled from data submitted in response to Commission questionnaires.

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[10] Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.[11] Imports from China accounted for 49.9 percent of total imports of wind towers by quantity during January 2011-November 2011. During the same period, imports from Vietnam accounted for 16.1 percent, by quantity, of total U.S. imports of wind towers compiled from official Commerce statistics.[12] [13]

CUMULATION CONSIDERATIONS

In assessing whether subject imports are likely to compete with each other and with the domestic like product with respect to cumulation, the Commission generally has considered the following four factors: (1) the degree of fungibility, including specific customer requirements and other quality-related questions; (2) presence of sales or offers to sell in the same geographic markets; (3) common channels of distribution; and (4) simultaneous presence in the market. Channels of distribution and fungibility (interchangeability) are discussed in Part II of this report. Additional information concerning geographical markets and simultaneous presence in the market is presented below.[14]

Geography

With regard to geographical market overlap, the majority of U.S. importers, particularly the larger importers, reported shipping (or utilizing) wind towers for wind turbine installation in multiple regions throughout the United States. U.S. imports of wind towers from China and Vietnam entered multiple U.S. ports of entry, but were concentrated on the west coast. In 2011, the three U.S. ports of entry with the largest volume of imports from China were: (1) Columbia-Snake, OR; (2) Houston-Galveston, TX;

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[10] Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

[11] Section 771(24) of the Act (19 U.S.C. § 1677(24)).

[12] Based on questionnaire data for the 12-month period October 2010-September 2011, imports from China accounted for *** percent of total imports of wind towers, by quantity, and imports from Vietnam accounted for *** percent.

[13] Based on HTS statistical reporting number 7308.20.0020 during January-November 2011 (the period for which data from this relatively narrow category are available).

[14] Petitioner argued that subject imports from China and Taiwan should be cumulated. Petition, p. 23, Petitioner's postconference brief, pp. 5-8 and conference transcript, p. 19 (Price). The respondent Siemens did not directly address cumulation, but stated that Siemens doesn't view the Chinese and Vietnamese imports as competing with one another, but rather as complementing the domestic market. Respondent Siemens' postconference brief, Staff questions and answers, p. 1 and conference transcript, p. 137 (Feldman). Respondent foreign producers accept the Petitioner's position on cumulation. Respondent foreign producers' postconference brief, p. 4.

and (3) San Diego, CA. The two U.S. ports of entry with the majority of the volume of imports from Vietnam were: (1) Port Arthur, TX; and (2) Columbia-Snake, OR.[15] Petitioners argue that the imported product, like domestically produced wind towers, is available nationwide. (See Part III of this report for a more detailed accounting of U.S. production locations, production history, and reported capacity).

Presence in the Market

With regard to simultaneous presence in the market, Petitioners state that imported wind towers from both China and Vietnam have been simultaneously present in the U.S. market along with domestic product during the period examined.[16] Commerce statistics and import and bid data submitted to the Commission show that imports from China and Vietnam entered the United States in every year for which data were collected (and in at least 10 of 11 months for imports from China and in 6 of 11 months for imports from Vietnam between January 2011 and November 2011). Table IV-3 presents monthly import data for January 2011-November 2011.[17] Pricing data are found in *Part V* of this report.

[15] Official Commerce statistics. 63.0 percent of imports from China entered through Columbia-Snake, OR; 24.0 percent through Houston-Galveston, TX; 12.3 percent through San Diego, CA; and 0.7 percent through all other ports of entry. 63.7 percent of imports from Vietnam entered through Port Arthur, TX; 16.6 percent entered through Columbia-Snake, OR; and 19.7 percent through all other ports of entry.

[16] Petition, pp. 22-23.

[17] Data are presented for 2011 as prior to 2011 imports entered under HTS subheading 7308.20.0000, a broad category that included nonsubject merchandise.

Table IV-3
Wind towers: U.S. imports, by sources, January 2011 - November 2011

Source	2011										
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Quantity (*metric tons*)											
China	2	3,396	7,670	6,490	13,159	13,200	3,172	15,036	12,756	9,949	10,545
Vietnam	0	0	4,452	3,498	4,259	7,597	7,647	3,228	0	0	0
Subtotal	2	3,396	12,122	9,988	17,418	20,797	10,819	18,264	12,756	9,949	10,545
All other sources	1,806	589	2,861	4,370	4,887	9,899	11,162	13,304	4,919	6,600	4,656
Total	1,808	3,984	14,983	14,359	22,305	30,696	21,981	31,568	17,676	16,549	15,201
Value (*$1,000*)											
China	19	7,272	16,589	14,357	27,291	28,594	10,707	29,562	30,172	18,574	19,767
Vietnam	0	0	13,204	9,912	14,973	25,667	19,005	8,597	0	0	0
Subtotal	19	7,272	29,793	24,269	42,264	54,260	29,713	38,159	30,172	18,574	19,767
All other sources	9,830	4,649	5,228	9,373	13,894	25,396	26,294	31,564	7,513	14,676	10,308
Total	9,849	11,921	35,021	33,642	56,157	79,656	56,007	69,723	37,685	33,249	30,075

Note.–Quantity data only available by weight.

Source: Compiled from official Commerce statistics (HTS statistical reporting number 7308.20.0020).

APPARENT U.S. CONSUMPTION

Table IV-4 and figure IV-1 present apparent U.S. consumption of wind towers during the period for which data were collected.[18] From 2008 to 2010, the quantity of apparent U.S. consumption of wind towers decreased by 46.5 percent, but was 26.4 percent higher in January-September 2011 than in January-September 2010. The value of apparent U.S. consumption from 2008 to 2010 decreased by 46.0 percent but was 28.8 percent higher in January-September 2011 than in January-September 2010. In January-September 2011 compared with January-September 2010, U.S. producers' shipments and imports of wind towers from subject countries increased while imports from all other sources declined.

[18] U.S. imports as reported in questionnaires are used as all but one importer reported internal consumption.

Table IV-4
Wind towers: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2008-10, January-September 2010, and January-September 2011

Item	Calendar year			January-September	
	2008	2009	2010	2010	2011
			Quantity (*units*)		
U.S. producers' U.S. shipments	2,547	2,056	1,730	1,229	1,561
U.S. imports from–					
China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	993	705	448	280	703
Nonsubject countries[1]	1,798	937	680	521	301
Total U.S. imports	2,791	1,642	1,128	801	1,004
Apparent U.S. consumption	5,338	3,698	2,858	2,030	2,565
			Value (*1,000 dollars*)		
U.S. producers' U.S. shipments	729,596	585,795	521,226	350,562	505,342
U.S. imports from–					
China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	323,115	226,230	158,699	98,626	193,775
Nonsubject countries[1]	621,037	316,952	223,179	164,699	91,367
Total U.S. imports	944,152	543,182	381,878	263,325	285,142
Apparent U.S. consumption	1,673,748	1,128,977	903,104	613,887	790,484

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

Figure IV-1
Wind towers: Apparent U.S. consumption, by sources, 2008-10, January-September 2010, and January-September 2011

* * * * * * *

U.S. MARKET SHARES

U.S. market share data are presented in table IV-5. From 2008 to 2010, U.S. producers' market share, based on quantity, increased by 12.8 percentage points, while U.S. imports from subject sources decreased by 2.9 percentage points and U.S. imports from all other sources fell by 9.9 percentage points.[19] Comparing January-September 2011 to January-September 2010, U.S. producers' market share, based on quantity, was higher by 0.3 percentage points. The market share of U.S. imports from subject sources was higher, by 13.6 percentage points, while the share of U.S. imports from all other sources was 13.9 percentage points lower.

Table IV-5
Wind towers: U.S. consumption and market shares, 2008-10, January-September 2010, and January-September 2011

Item	Calendar year			January-September	
	2008	2009	2010	2010	2011
			Quantity (*units*)		
Apparent U.S. consumption	5,338	3,698	2,858	2,030	2,565
			Value (*1,000 dollars*)		
Apparent U.S. consumption	1,673,748	1,128,977	903,104	613,887	790,484
			Share of quantity (*percent*)		
U.S. producers' U.S. shipments	47.7	55.6	60.5	60.5	60.9
U.S. imports from–					
China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	18.6	19.1	15.7	13.8	27.4
Nonsubject countries	33.7	25.3	23.8	25.7	11.7
All countries	52.3	44.4	39.5	39.5	39.1
			Share of value (*percent*)		
U.S. producers' U.S. shipments	43.6	51.9	57.7	57.1	63.9
U.S. imports from–					
China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	19.3	20.0	17.6	16.1	24.5
Nonsubject countries	37.1	28.1	24.7	26.8	11.6
All countries	56.4	48.1	42.3	42.9	36.1

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

[19] Petitioners contend that there is a survivor bias in the data and that the inclusion of the non-reporting domestic producers would demonstrate declining market share. Petitioners' postconference brief, Exh. 1, p. 11. For a discussion of domestic industry plant closures see Part III of this report.

RATIO OF IMPORTS TO U.S. PRODUCTION

Information concerning the ratio of imports to U.S. production of wind towers is presented in table IV-6.

Table IV-6
Wind towers: Quantity of U.S. production, U.S. imports, and ratios of imports to U.S. production, 2008-10, January-September 2010, and January-September 2011

Item	Calendar year			January-September	
	2008	2009	2010	2010	2011
	Quantity (*units*)				
U.S. production	2,556	2,069	1,751	1,248	1,588
U.S. imports from–					
China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	993	705	448	280	703
Nonsubject countries	1,798	937	680	521	301
Total imports	2,791	1,642	1,128	801	1,004
	Ratio of U.S. imports to production (*percent*)				
U.S. imports from–					
China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	38.8	34.1	25.6	22.4	44.3
Nonsubject countries	70.3	45.3	38.8	41.7	19.0
Total imports	109.2	79.4	64.4	64.2	63.2

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

PART V: PRICING AND RELATED INFORMATION

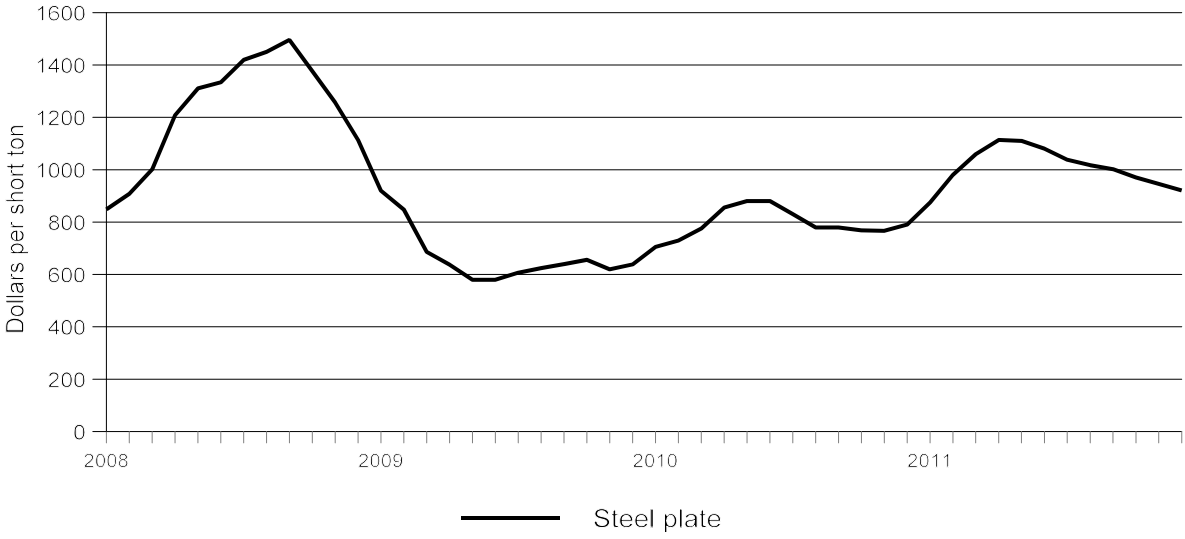
FACTORS AFFECTING PRICE

Raw Material Costs

Raw materials account for a substantial share of the cost-of-goods sold ("COGS") for wind towers. During 2008-10, raw materials accounted for between 60 and 67 percent of COGS annually. During January-September 2011, they accounted for approximately 60 percent of COGS as compared to approximately 58 percent in January-September 2010.

The principal raw material used in wind towers is steel plate. As shown in figures V-1 the price of steel plate rose substantially during the early part of 2008, reaching a peak in September 2008 and then declined sharply in the following months reaching period-low levels in April and May 2009 before partially recovering during the next two years.

Figure V-1
Steel plate: Monthly average prices, January 2008-December 2011



Source: American Metal Market, effective January 23, 2012.

U.S. Inland Transportation Costs

Shipping costs account for a substantial share of the total delivered cost of wind towers. Two U.S. producers both estimated a cost share of 25 percent. Three responding importers estimated cost shares of 15 percent, 31 percent, and 38 percent respectively.

Three U.S. producers provided information on shipping distances for wind towers from their production facilities. All three responding producer reported that all or a majority of their shipments were for distances of less than 1,000 miles from their facilities. In most cases, purchasers arrange for shipping.

PRICING PRACTICES

Pricing Methods

Final prices of wind towers are most commonly determined through transaction-by-transaction negotiations and contracts resulting from bid competition. Among four responding U.S. producers, three reported that they use a combination of transaction-by-transaction negotiations and contracts and one relies entirely on transaction-by-transaction negotiations. The one responding importer[1] reported that it uses transaction-by-transaction negotiations and contracts.

When asked how often firms are given more than one chance to bid on a particular sales agreement, one of the four responding producers answered "frequently," two answered "sometimes," and one answered "rarely." The one responding importer answered "sometimes." The producers and the importers indicated that final bids tend to be lower than initial bids due to competitive pressures. After the initial bids, purchasers may advise bidders of competing prices that have been submitted without specifying particular competitors. Producers and the importer reported that they are sometimes excluded by purchasers from bid competition due to the availability of low-priced imports. Warranties are typically included with bids but not installation or maintenance costs.

All four responding U.S. producers reported that they sell wind towers on an f.o.b. basis. Producers' f.o.b. quotes are commonly on an ex works basis. None of the responding importers reported stand alone sales of wind towers from China or Vietnam.

Producers sell wind towers on both a spot and contract basis. The producers' short term contracts range from four to eight months with both prices and quantities fixed during the contract period. Prices in these short-term contracts cannot be renegotiated during the contract period. The use of meet-or-release provisions varies.

Long term contracts are for periods of two years three years or more. Both prices and quantities are fixed once they have been agreed upon, though prices may be renegotiated at certain times during the contract period. Again, the use of meet-or-release provisions varies.

Sales Terms and Discounts

Among four responding producers, two reported that they provide quantity discounts on sales of wind towers, while the other two reported that they do not provide such discounts.

PRICE DATA

Since sales agreements for wind towers are largely determined through bid competition, producers and importers were asked to submit information on all bids initiated since January 1, 2008. The requested data included the customer name, the project name and location, the number of units, the total project size in number of turbines and in megawatts, the per tower height in meters, the initial and final bids in thousands of dollars, the dates of the initial and final bids, the contract date if won, the length of the contract, the delivery date, and the winning bidder if known. Importers that use wind towers in the manufacture of wind turbines were also asked to provide similar information on bids received during the same period. Three responding U.S. producers, Broadwind, DMI, and Katana Summit provided the requested information, although in most cases they did not know the winners of the bid competition

[1] Most of the importers that responded to the questionnaire import wind towers for use in the manufacture of wind turbines. Just one importer of wind towers from nonsubject sources reported that it sells the wind towers that it imports.

except in cases where they won.[2] Similarly, *** the one importer that sells nonsubject imports completed this section of the questionnaire. One importer, ***, an end user that purchased only from U.S. and *** sources completed the information requested on bids submitted. However, other importers did not provide the information in the form requested or reported that they do not use bid competition.[3]

GE and Siemens, the ***, that together have accounted for *** of all imports from China and Vietnam since January 2008, presented bid information to the Commission in alternative forms. In their presentations, both companies reported that the availability of sufficient production capacity and transportation costs are critical factors in the selection of wind tower suppliers. The results are discussed separately for each of the two companies.

GE's Bid Data

GE provided bid data for 2010 and 2011. The GE data shown in table V-1 include the specifications of the tower type of the wind turbines in megawatts (MW) and height in meters (m), where the wind tower is to be used, the name of the supplier and factory location by country, the date of the request for a quotation, the quoted tower unit cost in dollars per tower[4] and in dollars per short ton, the expected volume in units, and the reason for the business decision. For the seven categories of wind towers ***.

Table V-1
Wind towers: GE's bid data by tower type during 2010 and 2011

* * * * * * *

***.

GE's Estimated Landed Costs

GE's estimates of the landed costs by suppliers of wind towers shipped to *** states for certain suppliers for the projects identified in table V-1 are presented in table V-2. These data show that because of high transportation costs, the landed costs of domestically produced wind towers at locations in the interior of the United States are ***, even in cases ***.

Table V-2
Wind towers: GE's estimated landed costs by supplier in specified locations

* * * * * * *

[2] All three producers reported bids to ***.

[3] One large end user, ***, reported that it does not use a formal bidding process when purchasing wind towers.

[4] Prices by U.S. producers are on an f.o.b. ex works basis, and prices of imports are on an f.o.b port of export basis.

Siemens' Bid Data

Siemens' reported bid data on wind towers bids with delivery dates during 2008 through 2012. It provided project names, locations, order dates, quantities, tower costs per unit on an f.o.b basis,[5] landed costs per unit, and the names of winning bidders (table V-3). Sales were most frequently awarded to firms ***. Because of the high shipping costs, U.S. producers often ***. The reasons for awarding bids shown in table V-3 are discussed separately below by project for each of the years 2008 through 2012.

Table V-3
Wind towers: Siemens' bid data for projects delivered in 2008-2012

* * * * * * *

***.

Projects with 2008 delivery dates

***

Projects with 2009 delivery dates

***.[6]

Projects with 2010 delivery dates

***.

Projects with 2011 delivery dates

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Projects with 2012 delivery dates

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[5] U.S. producer f.o.b. prices were reported on an f.o.b. ex works basis, and import prices were reported on an f.o.b. port of export basis.

[6] ***.

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LOST SALES AND LOST REVENUES

The petitioning firms did not provide the detailed information such as dates, customer names, contacts and other data needed in the petition to investigate specific lost sales or lost revenue allegations although they asserted that lost sales have occurred due to import competition from China and Vietnam.[7] At the conference and in their posthearing brief, they alleged that they lost a major sale known as the Shepherds Flat project, a wind farm by GE which is expected to require 338 wind towers. They argued that U.S. producers were substantially underbid by Chinese producers.

GE ***.[8] According to GE, ***.

[7] Petition, p. 44.

[8] Brief written statement by *** dated January 24, 2012.

PART VI: FINANCIAL EXPERIENCE OF THE U.S. PRODUCERS

BACKGROUND

Six U.S. producers reported financial results on their operations on wind towers.[1] Because the majority of the U.S. industry's wind tower revenue reflects commercial sales, a single line item for revenue is presented in this section of the report.[2]

U.S. producers reflect a range of organizational structures with wind tower activity generally representing one among several business segments.[3] As described previously in this report, the operations of the U.S. industry reflect a variety of changes during the period examined: a new entrant to the market, the addition of new plants to existing operations, related start-up activity, the introduction of new/larger tower designs, reduced plant operations/idling, and plant closures.[4] As discussed in more detail below, these activities are reflected directly and indirectly in the U.S. industry's financial results.

OPERATIONS ON WIND TOWERS

Income-and-loss data for operations on wind towers are presented in table VI-1. Table VI-2 presents selected company-specific financial information. A variance analysis of the financial results of wind tower operations is presented in table VI-3.[5]

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[1] With the exception of Ameron, which reported its financial results for fiscal-years ending November 30, U.S. producers reported their annual financial results for calendar-year periods. All U.S. producers reported on the basis of generally accepted accounting principles ("GAAP").

[2] Vestas Towers, which began U.S. wind tower production in 2010, is the only U.S. producer whose overall operations are vertically integrated. ***. E-mail with attachments from counsel to Vestas Towers to USITC auditor, January 24, 2012. ***. Vestas Towers' U.S. producer questionnaire, responses to III-7 and III-8.

[3] Based on public financial information, the overall operations of Ameron (prior to its merger with NOV in October 2012) represented three reportable segments: Fiberglass-Composite Pipe, Water Transmission, and Infrastructure Products. Ameron 2011 10-Q (Q3) for quarter ended August 28, 2011, p. 20. (Note: Ameron's wind tower operations are included in the Water Transmission segment.) Broadwind's overall operations consist of three reportable segments: Towers, Gearing, and Services. Broadwind 2011 (Q-3) 10-Q, p. 14. The parent company of DMI (Otter Tail Corporation) is made up of six reportable segments: Electric, Wind Energy, Manufacturing, Construction, Plastics, and Health Services. Otter Tail 2011 10-Q (Q3) , p. 11. Trinity's overall operations consist of five reportable segments: the Rail Group, the Construction Products Group, the Inland Barge Group, the Energy Equipment Group, and the Railcar Leasing and Management Services Group. Trinity 2011 (Q3) 10-Q. p. 8. (Note: Trinity's wind tower operations are included in the Energy Equipment Group.)

[4] In October 2012, after the end of the period examined, a merger between NOV and Ameron was finalized. See *Energy operator NOV, Ameron close $777 million merger*, Concrete Products, November 2011, p. 17. While acknowledging opportunities in Ameron's wind-turbine tower fabrication business, NOV's primary interest was reportedly Ameron's energy-grade fiberglass pipe business. Ibid.

[5] The Commission's variance analysis is calculated in three parts: sales variance, COGS variance, and sales, general and administrative ("SG&A") expenses variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the COGS and SG&A variances) and a corresponding volume (quantity) variance. The sales or cost variance is calculated as the change in unit price/cost times the new volume, while the volume variance is calculated as the change in volume times the old unit price/cost. Summarized at the bottom of the variance analysis table, the price variance is from sales, the net cost/expense variance is the sum of those items from COGS and SG&A, respectively, and the net volume variance is the sum of the sales, COGS, and SG&A volume variances. Since a stable overall product mix enhances the utility of the Commission's variance analysis, it should be noted that wind tower product mix, as indicated in the Revenue section of this part of the

(continued...)

Table VI-1
Wind towers: Results of operations, 2008-10, January-September 2010, and January-September 2011

Item	Fiscal year			January-September	
	2008	2009	2010	2010	2011
			Quantity (*towers*)		
Total net sales quantity	2,554	2,057	1,755	1,270	1,561
			Value (*$1,000*)		
Total net sales value	731,827	586,171	534,292	365,182	515,340
Cost of goods sold:					
Raw materials	422,501	337,520	311,648	209,882	314,292
Direct labor	80,123	56,554	52,916	40,360	59,129
Other factory costs	138,656	111,992	151,095	114,697	152,600
Total cost of goods sold	641,280	506,066	515,659	364,939	526,021
Gross profit or (loss)	90,547	80,105	18,633	243	(10,681)
Total SG&A expenses	36,384	31,934	38,982	28,372	26,624
Operating income or (loss)	54,163	48,171	(20,349)	(28,129)	(37,305)
Interest expense	4,470	4,935	13,634	9,132	11,960
Other expenses[1]	160	913	13,333	3	6
Other income items	1,401	3,527	1,549	848	2,084
Net income or (loss)	50,934	45,850	(45,767)	(36,416)	(47,187)
Depreciation/impairment	16,676	23,798	53,150	30,225	33,662
Estimated cash flow from operations[1]	67,610	69,648	7,383	(6,191)	(13,525)
			Ratio to net sales (*percent*)		
Raw material	57.7	57.6	58.3	57.5	61.0
Direct labor	10.9	9.6	9.9	11.1	11.5
Other factory costs	18.9	19.1	28.3	31.4	29.6
Cost of goods sold	87.6	86.3	96.5	99.9	102.1
Gross profit or (loss)	12.4	13.7	3.5	0.1	(2.1)
SG&A expenses	5.0	5.4	7.3	7.8	5.2
Operating income or (loss)	7.4	8.2	(3.8)	(7.7)	(7.2)
Net income or (loss)	7.0	7.8	(8.6)	(10.0)	(9.2)

Table continued on next page.

[5](...continued)
report, was not static during the period. Also and while indicating that average values (i.e., a primary factor in the Commission's variance analysis) have probative value, Petitioners noted that average values should be interpreted with caution and that "{d}ue to the limited number of units sold, significant differences in per-unit values for sales, costs, and expenses can emerge due to product mix (e.g., tower height, power rating), shipment timing (when contracted, when shipped), and differences in circumstances of sale." Petitioners' postconference brief, Exh. 1, pp. 26-27.

Table VI-1--*Continued*
Wind towers: Results of operations, 2008-10, January-September 2010, and January-September 2011

Item	Fiscal year			January-September	
	2008	2009	2010	2010	2011
	Unit value (*dollars per tower*)				
Total net sales	286,542	284,964	304,440	287,545	330,135
Cost of goods sold:					
Raw material	165,427	164,084	177,577	165,261	201,340
Direct labor	31,372	27,493	30,152	31,780	37,879
Other factory costs	54,290	54,444	86,094	90,313	97,758
Total cost of goods sold	251,088	246,021	293,823	287,354	336,977
Gross profit or (loss)	35,453	38,943	10,617	191	(6,842)
SG&A expenses	14,246	15,525	22,212	22,340	17,056
Operating income or (loss)	21,207	23,418	(11,595)	(22,149)	(23,898)
	Number of producers reporting				
Operating losses	2	0	4	5	5
Data	5	5	6	6	6

[1] Broadwind's $13.3 million impairment charge in fourth quarter 2010, which was specifically related to its Brandon, SD plant (Broadwind 2010 10-K, p. 15), is reported in the "other expenses" line item of this table. (See footnote 21 for additional information regarding this impairment).

Source: Compiled from data submitted in response to Commission questionnaires.

Table VI-2
Wind towers: Results of operations, by firm, 2008-10, January-September 2010, and January-September 2011

* * * * * * *

Table VI-3
Wind towers: Variance analysis of financial results, 2008-10, January-September 2010, and January-September 2011

Item	Fiscal year			Jan.-Sept.
	2008-10	2008-09	2009-10	2010-11
	Value (*$1,000*)			
Total net sales:				
Price variance	31,412	(3,245)	34,180	66,482
Volume variance	(228,947)	(142,411)	(86,059)	83,676
Total net sales variance	(197,535)	(145,656)	(51,879)	150,158
Cost of sales:				
Raw materials:				
Cost variance	(21,323)	2,764	(23,681)	(56,319)
Volume variance	132,176	82,217	49,553	(48,091)
Net raw material variance	110,853	84,981	25,872	(104,410)
Direct labor:				
Cost variance	2,141	7,977	(4,665)	(9,521)
Volume variance	25,066	15,592	8,303	(9,248)
Net direct labor variance	27,207	23,569	3,638	(18,769)
Other factory costs:				
Cost variance	(55,817)	(318)	(55,545)	(11,622)
Volume variance	43,378	26,982	16,442	(26,281)
Net other factory cost variance	(12,439)	26,664	(39,103)	(37,903)
Net cost of sales:				
Cost variance	(74,999)	10,423	(83,891)	(77,462)
Volume variance	200,620	124,791	74,298	(83,620)
Total net cost of sales variance	125,621	135,214	(9,593)	(161,082)
Gross profit variance	(71,914)	(10,442)	(61,472)	(10,924)
SG&A expenses:				
Expense variance	(13,980)	(2,630)	(11,736)	8,249
Volume variance	11,382	7,080	4,688	(6,501)
Total SG&A variance	(2,598)	4,450	(7,048)	1,748
Operating income variance	(74,512)	(5,992)	(68,520)	(9,176)
Summarized as:				
Price variance	31,412	(3,245)	34,180	66,482
Net cost/expense variance	(88,979)	7,793	(95,628)	(69,213)
Net volume variance	(16,944)	(10,540)	(7,072)	(6,445)

Source: Compiled from data submitted in response to Commission questionnaires.

Revenue

As shown in table VI-1, the U.S. industry reported a notable decline in revenue in 2009 which was followed by a somewhat smaller decline in 2010.[6] As shown in the revenue section of the variance analysis (table VI-3), between 2008 and 2009 the decline in total wind tower revenue was primarily attributable to a negative volume variance with the corresponding negative price variance playing a secondary role.[7] While the subsequent decline in revenue in 2010 was also attributable to a negative volume variance, it was partially offset by a positive price variance ***.[8] [9] In interim 2011, the pattern of negative variances was reversed with higher revenue compared to interim 2010 attributable to both a positive volume variance and a positive price variance.[10]

Table VI-2 shows that during the period examined the pattern of company-specific sales volume and corresponding revenue was not uniform; e.g., while several producers reported declining sales during the annual periods, ***, reported declining sales throughout the period. In 2010, Vestas Towers' entry into the market partially offset the declines in sales reported by *** in that year. Between interim 2010 and interim 2011, the increase in *** was notable and, when combined with the higher sales reported by ***, offset the corresponding sales declines reported by ***.

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[6] Wind tower revenue is recognized primarily when wind tower production is completed and title has transferred to the customer. E-mail with attachments from counsel to Vestas Towers to USITC auditor, January 24, 2012. Petitioners' postconference brief, Exh. 1, p. 26. ***.

While the majority of reported wind tower sales, regardless of revenue recognition method, reflects the value of the entire wind tower, a portion of ***. E-mail with attachments from counsel for Petitioners to USITC auditor, January 24, 2012.

[7] Broadwind, whose production operations in Abilene, TX came on-line in early 2009, was *** U.S. producer to report *** in sales volume in 2009 compared to 2008 (see table VI-2). According to Broadwind's 2009 10-K and with respect to its Towers segment, ". . . revenues increased by approximately 28% {in 2009} in connection with new customer agreements and the corresponding increase in production volumes at our Manitowoc, Wisconsin and Abilene, Texas facilities." Broadwind 2009 10-K, p. 32. Ameron reported that, with respect to its 2009 segment financial results, "{w}ind tower sales remained steady in 2009, compared to prior year." Ameron 2010 10-K, p. 26.

***. DMI (parent company Otter Tail) attributed the 35.5 percent decline in wind tower revenue (a component of its Energy segment revenue) in 2009 to reduced wind tower sales volume. Otter Tail 2010 10-K, p. 47. Similarly, Trinity described lower Energy Equipment Group wind tower sales volume in 2009. Trinity 2010 10-K, p. 27.

[8] As indicated previously *** the other U.S. producers, whose revenue primarily reflects sales to unrelated turbine manufacturers, ***. E-mail with attachments from counsel for Vestas to USITC auditor, January 24, 2012. Footnote 24 presents pro forma financial results for the industry without Vestas Towers.

[9] In addition to other factors affecting the pattern of overall wind tower revenue, the relevant segment revenue of Ameron, Broadwind, DMI (parent company Otter Tail), and Trinity were all reportedly impacted to varying degrees by lower sales/production levels in 2010. Ameron 2010 10-K, p. 23. Broadwind 2010 10-K, p. 31. Otter Tail 2010 10-K, p. 47. Trinity 2010 10-K, p. 27.

[10] ***. According to Broadwind's narrative segment information, "{t}he increase in {Towers segment} revenues was primarily attributable to an increase of approximately 106% in the volume of wind tower sections manufactured during the nine months ended September 30, 2011 compared to same period in the prior year to meet increased demand." Broadwind 2011 10-Q (Q3), p. 23. Similarly, DMI (parent company Otter Tail), which reported a somewhat smaller percentage increase in sales volume between interim 2011 and interim 2010, attributed the increase in its wind tower revenue (a component of the Wind Energy segment) to a 47.6 percent increase in tower production. Otter Tail 2011 10-Q (Q3), p. 38. Narrative information accompanying Ameron's 2011 10-Q (Q3) indicates that the company's wind tower sales were also somewhat higher in interim 2011 ($38.0 million) compared to interim 2010 ($30.7 million). Ameron 2011 10-Q (Q3), p. 24. In contrast with these increases in sales volume in interim 2011, narrative information accompanying Trinity's segment information reported "lower structural wind tower shipments" in interim 2011 compared to interim 2010. Trinity 2011 10-Q (Q3), p. 30.

In conjunction with changes in total sales volume and value, period-to-period average sales values also fluctuated. On an overall basis, as shown in table VI-1, changes in averages sales values followed the same directional trend as average raw material costs which appears to reflect, at least in part, the pass through of raw material costs, as well as corresponding variations in product mix.[11] However, as shown in table VI-2, company-specific patterns (when comparing average sales value and corresponding average raw material costs) deviated to some extent from this pattern.

With regard to changes in product mix, a Trinity company official noted at the staff conference that the company's pre-2008 towers were more standardized, while towers produced and sold during the period examined were more customized for specific projects.[12] A Broadwind company official, in addition to confirming an expansion of its customer base, indicated that product mix was also impacted by the general transition from 80 meter towers, to 90, 95, and 100 meter towers.[13] As noted below, segment narrative accompanying the public financial statements of several producers also references changes in product and customer mix in order to explain changes in period-to-period profitability.

Cost of Goods Sold

As described previously in this report, while discrete steel plate represents the single most important raw material cost, the total cost of raw materials also includes items such as forgings, electrical and mechanical components, and paint.[14] During the period examined and for the industry as a whole, the cost of raw materials ranged from a low of 57.5 percent of total COGS in interim 2010 to a high of 66.7 percent in 2009. As indicated above, the trend of average raw material cost generally tracked average sales values (see table VI-1) which appears to reflect, at least in part, provisions for the pass-through of raw material costs noted previously.[15] [16] Additionally and given the range of wind tower configurations,

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[11] Conference transcript, p. 64 (Cole). With respect to the general relationship between sales value and raw material cost, a specific example of this pattern was noted in Broadwind's 2010 10-K which stated that "{t}he decrease in revenues was primarily attributable to an 18% decline in our Towers segment revenue due mainly to a reduction in the price of the steel component included in the overall tower section price compared to the prior year." Broadwind 2010 10-K, p. 29.

[12] Conference transcript, p. 62 (Cole). ***. Petitioners' postconference brief, Exh. 4 (Broadwind affidavit), p. 2.

[13] Conference transcript, p. 62 (Janda). Broadwind's 2011 10-Q (Q3) also notes a ". . . continued focus on towers for the larger and higher wind turbines." Broadwind 2011 10-Q (Q3), p. 23. Broadwind interim 2011 segment financial results, as noted below, also indicated that its sales mix reflected a higher share of "fabrication only" sections at the end of the period. Ibid. ***. E-mail with attachments on behalf of Petitioners to USITC auditor, January 24, 2012.

[14] Conference transcript, p. 24, pp. 25-26, p. 27 (Janda).

[15] Conference transcript, p. 64 (Cole).

Trinity's 2010 10-K notes that steel is the principal material used by its Energy Equipment Group. Trinity 2010 10-K, p. 4. According to Trinity, "{m}arket steel prices continue to exhibit short periods of volatility and ended 2010 significantly higher than 2009. Generally, we are able to mitigate a majority of this volatility through contract specific purchasing practices and existing supplier commitments. Steel prices may continue to be volatile in part as a result of scrap surcharges assessed by steel mills and other market factors. We often use contractual price escalation provisions and other arrangements with our customers to reduce the impact of this volatility, thus minimizing the effect on our operating margins for the year." Ibid. Similarly, DMI (parent company Otter Tail) stated in its 2010 10-K that it " . . . attempts to mitigate the risk of increases in steel costs by pricing contracts to recover the cost of steel purchased to meet contract requirements at initiation of the contract." Otter Tail 2010 10-K, p. 23.

[16] With regard to the actual purchase of raw materials, Petitioners' postconference brief provided the following description for the petitioning companies: ***. Petitioners' postconference brief, Exh. 1, pp. 27-28.

it appears reasonable to interpret changes in company-specific average raw material costs as also reflecting, to some extent, variations in product mix.

Other factory costs and direct labor are the second and third largest components of COGS, respectively. During the period examined, other factory costs ranged from a low of 21.6 percent of total COGS in 2008 to a high of 31.4 percent in interim 2010, while direct labor ranged from a low of 10.3 percent in 2010 (full year) to a high of 12.5 percent in 2008.

Notwithstanding the relatively large decline in sales volume noted previously, table VI-1 shows that the expected directional change in average other factory costs (i.e., generally increasing due to reduced fixed cost absorption when production and sales decline) is only partially reflected during the period examined.[17] On a company-specific basis, table VI-2 shows that between 2008 and 2009 the deviation from the expected pattern is largely due to U.S. producers whose operations expanded in 2008.[18] [19] [20] In 2010, while most producers' average other factory costs appear to have followed the expected pattern (i.e., higher average other factory costs in conjunction with lower sales volume), the ***.[21] (Note: As indicated in the Profitability section of this part of the report, declining sales volume was not the only factor contributing to higher company-specific average costs in 2010.) At the end of the period, ***.[22] [23]

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[17] Staff notes that "other factory costs" represent a combination of fixed, variable, and mixed (semi-fixed/semi-variable) costs which differ by company based on specific manufacturing operations, as well as the product mix produced and sold in a given period. At the staff conference, wind tower production operations were described as highly capital intensive (conference transcript, p. 31 (Barczak)) which generally indicates that, all things being equal, it is reasonable to expect that changes in capacity utilization and corresponding fixed cost absorption will have a discernible impact on the overall level of average other factory costs.

[18] ***.

[19] DMI, which began operations at a new facility (Tulsa, OK) in 2008, ***.

[20] In 2009, the relatively ***, is consistent with the start-up in that year of its new plant in Abilene, TX. In its 2009 10-K and with respect to its 2009 Tower segment operating results, Broadwind specifically notes production inefficiencies and increased travel and administrative expenses of approximately $3.4 million associated with the start-up of the Abilene, TX facility. Broadwind 2009 10-K, p. 32.

[21] In 2010, Broadwind recognized a $13.3 million impairment charge, reflected in table VI-1 "other expenses," for its newly constructed Brandon, SD plant. With regard to this impairment, Broadwind stated in its 2010 10-K that "{i}n the first quarter of 2010, we completed construction of a third wind tower manufacturing facility in Brandon, South Dakota, but as of the date hereof, we have not commenced production at this facility. Following the Company's strategic planning meetings that took place in the fourth quarter of 2010, we determined that due to the oversupply of capacity in the U.S. tower market and the significant level of towers imported from Asia, it would be difficult or impossible to operate this facility in a profitable or cost-effective manner. We are currently exploring alternative uses for the building and equipment comprising this facility. In connection with this determination, during the fourth quarter of 2010, we recorded an impairment charge of $13.3 million." Broadwind 2010 10-K, p. 15.

***. Petitioners' postconference brief, Exh. 4 (Broadwind affidavit) pp. 1-2.

***. Katana's U.S. producer questionnaire, response to III-9. Petitioners' postconference brief, Exh. 4 (Katana affidavit), p. 2.

[22] ***. E-mail with attachments from counsel for Petitioners to USITC auditor, January 24, 2012. ***. Ibid. According to an article which described the latter issue, "{i}n December {2010}, the two companies {DMI and Evraz (the steel plate supplier)} allegedly entered into an agreement for Evraz to supply more than 14,300 tons of steel plate to DMI by early January {2011} . . . DMI needed the steel by mid-February to fill an order for 85 wind towers for the unnamed customer . . . DMI alleges that Evraz failed to fulfill the order, forcing it to buy steel from other sources for $1.4 million more than it would have paid Evraz." *Evraz NA sued by wind tower manufacturer*, Metal Bulletin Daily, March 4, 2011, issue 252.

As described in its 2011 10-Q (Q3) and related specifically to several of the issues noted above, DMI (parent company Otter Tail) stated that, in addition to higher costs due to increased sales volume, COGS also increased due

(continued...)

Profitability

While the U.S. industry reported gross profit on its wind tower operations throughout the full-year period, absolute gross profit declined along with corresponding gross profit margins (gross profit as a percentage of revenue) during the full-period and was negative in interim 2011, reflecting in part both the ***.[24]

As shown in table VI-2, company-specific gross profitability varied and did not follow a uniform pattern. In addition to specific factors which impacted period-to-period costs, as generally described above, U.S. producers noted competitive pricing pressures, as well as changes in product mix which also impacted profitability during the period examined.[25] [26] [27] With some exceptions, company-specific

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[22](...continued)
to ". . . a $2.8 million increase in outsourced quality control costs to satisfy expanded customer requirements, productivity losses of $1.1 million due to rework and underutilization of plant capacity, and $1.1 million from the absorption of higher steel costs when a supplier did not fulfill its delivery requirements." Otter Tail 2011 10-Q (Q3), p. 38.

[23] Trinity 10-Q (Q3), p. 30.

[24] ***, pro forma operating income or (loss) and corresponding operating income or (loss) margins for the industry without Vestas Towers are presented as follows:

	Calendar year			January-September	
	2008	2009	2010	2010	2011
	Value (*$1,000*)				
Operating income (loss) (pro forma)	***	***	***	***	***
	Ratio to net sales (percent)				
Average operating income (loss) margin (pro forma)	***	***	***	***	***

[25] Broadwind noted that in 2009 its operating results, in addition to previously-referenced items, were negatively impacted by "less profitable customer contracts." Broadwind 2009 10-K, p. 32. With respect to the nature of these "less profitable customer contracts," Broadwind stated that due to ***. E-mail with attachments from counsel for Petitioners, January 24, 2012. In 2010 and while partially offset by the absence of start-up costs related to its Abilene, TX facility, Broadwind noted that, among other factors, its Towers segment profitability was lower compared to 2009 due to a less profitable product sales mix. Broadwind 2010 10-K, p. 31.

[26] With regard to the pattern of its financial results between 2008 and interim 2011, ***. E-mail with attachments from counsel for Petitioners to USITC auditor, January 24, 2012. In 2010, as described by DMI (parent company Otter Tail),"{o}ur Wind Energy segment lost $21.2 million. DMI incurred additional costs related to fulfilling the fabrication specifications for a customer's new wind tower design. These efforts resulted in lower productivity and higher costs as they involved a combination of adding staff and reallocating existing resources within DMI to meet the customer's delivery requirements. Actions are being taken to improve production efficiency and to further the critical relationships that DMI continues to build with key wind turbine manufacturers." Otter Tail 2010 10-K, p. 43. With respect to earning guidance 2011, segment information (Otter Tail 2011 10-Q (Q3)) stated that DMI expected a full-year ". . . loss primarily as a result of the challenges faced in the first half of the year. In spite of soft demand in the wind industry, order backlog has solidified for the remainder of 2011 supporting full load of current plant staffing at DMI's Tulsa and West Fargo plants. DMI continues to experience increased pricing pressure on new orders due to overcapacity in the U.S. market and significantly lower steel costs available to Asian manufacturers." Otter Tail 2011 10-Q (Q3), p. 47.

[27] In 2009 and with regard to its segment results, Trinity stated that declines in its wind tower sales volume (a component of the Energy Equipment Group) were partially offset by improved operating efficiencies and product mix. Trinity 2010 10-K, p. 28. As noted previously, Trinity closed two plants (Denton, TX and Tulsa, OK) in 2009. (continued...)

SG&A ratios remained within relatively narrow ranges (see table VI-2). Accordingly and on an overall basis, variations in SG&A expense ratios represent a secondary factor in terms of explaining changes in the industry's overall profitability.[28] As shown in table VI-2, at the end of the period ***.[29] [30]

CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT EXPENSES, TOTAL NET ASSETS, AND RETURN ON INVESTMENT

Data on capital expenditures and research and development ("R&D") expenses related to operations on wind towers are presented in table VI-4. Data on total net assets and corresponding return on investment ("ROI") for the full-year periods (2008 through 2010) are presented in table VI-5.

Table VI-4
Wind towers: Capital expenditures and R&D expenses, 2008-10, January-September 2010, January-September 2011

* * * * * * *

[27](...continued)
With respect to the interim 2011 financial results of Trinity's Energy Equipment Group, Trinity stated that "{o}perating profit for the three and nine month periods ended September 30, 2011 decreased when compared to the same periods in 2010 due to competitive pricing pressures on certain structural wind towers and new product introduction manufacturing inefficiencies, primarily related to structural wind towers." Trinity 10-Q (Q3), p. 30. Public information (SEC filings and published articles) submitted by respondents in their postconference brief indicates that the above-referenced interim 2011 manufacturing inefficiencies were related to Trinity's transitional production of larger 100 meter wind towers. Respondent foreign producers' postconference brief, Exh. 11. The information also indicated that Trinity's goal is to develop a more flexible manufacturing platform such that it can transition more efficiently between wind tower models. Additionally, Trinity indicated that it intends to work with customers in order to develop acceptable contract terms and pricing that will provide customers flexibility to substitute new tower designs. Ibid.

With respect to its interim 2011 financial results, Trinity provided further information stating that ***. E-mail with attachments from counsel for Petitioners to USITC auditor, January 24, 2011 (emphasis added).

With regard to the pattern of Trinity's financial results during the period examined, respondents also submitted public information (SEC filings and a news article) regarding Trinity's January 4, 2012 breach of contract suit against Suzlon. Respondent foreign producers' postconference brief, Exh. 12.

[28] ***. E-mail with attachments from counsel for Petitioners, January 24, 2012.

[29] According to Broadwind, its "Towers segment revenues increased $36,496, from $45,854 for the nine months ended September 30, 2010, to $82,350 for the nine months ended September 30, 2011. The increase in revenues was primarily attributable to an increase of approximately 106% in the volume of wind tower sections manufactured during the nine months ended September 30, 2011 compared to same period in the prior year to meet increased demand. Megawatts (MW) sold for the current year period increased 114% compared to the prior year period due to the increased volume and our continued focus on towers for the larger and higher wind turbines. Towers segment operating income increased $7,316, from a loss of $2,157 for the nine months ended September 30, 2010, to operating income of $5,159 for the nine months ended September 30, 2011. The increase in operating income was primarily attributable to an increase in wind tower sections manufactured and better utilization of our existing facilities. The operating margin also benefitted from a higher mix of fabrication-only sections during the current year period, partially offset by decreased productivity associated with producing a new tower design as compared to the prior year." Broadwind 2011 10-Q (Q3), p. 23.

[30] ***. E-mail with attachments from counsel for Petitioners to USITC auditor, January 24, 2011. ***. Ibid.

Table VI-5
Wind towers: Total net assets and return on investment by firm, 2008-10

* * * * * * *

Consistent with expansion activity previously noted, most U.S. producers reported their largest capital expenditures in 2008 followed by declining capital expenditures as the period progressed.[31] [32] In contrast, ***.

As shown in table VI-4, while several U.S. producers reported R&D expenses, DMI accounted for the majority. As described by ***, R&D expenses were focused primarily on manufacturing-related improvements.[33]

CAPITAL AND INVESTMENT

The Commission requested that U.S. producers describe any actual or anticipated negative effects of imports of wind towers from China or Vietnam on their firms' growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments. The U.S. producers' responses are presented below.

* * * * * * *

[31] ***. E-mail with attachments from counsel for Petitioners to USITC auditor, January 24, 2012. ***. Petitioners' postconference brief, Exh. 4 (Broadwind affidavit), pp. 1-2. As noted previously, in 2010 Broadwind recognized a $13.3 million impairment charge related to the Brandon, SD facility which is reflected in table VI-1 "other expenses."

***. E-mail with attachments from counsel for Petitioners to USITC auditor, January 24, 2012. ***. DMI U.S. producer questionnaire, response to II-2.

***. E-mail with attachments from counsel for Petitioners to USITC auditor, January 24, 2012. ***. Katana U.S. producer questionnaire, response to II-2. ***. Petitioners' postconference brief, Exh. 5 (Katana affidavit), p. 2. Conference transcript, p. 104 (Hauer).

[32] Ameron's 2010 10-K states that it ". . . completed a major expansion program to enhance its capabilities to produce wind towers used for wind-generated electricity in 2009." Ameron 2010 10-K, p. 9.

[33] ***. E-mail with attachments from counsel for Petitioners to USITC auditor, January 24, 2012.

***. Ibid.

***. Ibid.

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that--

> *In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors*[1]*--*
>
> *(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
>
> *(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
>
> *(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
>
> *(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
>
> *(V) inventories of the subject merchandise,*
>
> *(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,*
>
> *(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),*

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[1] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "The Commission shall consider *** . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition."

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).[2]

Information on the nature of the alleged subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject.

THE INDUSTRY IN CHINA

Overview

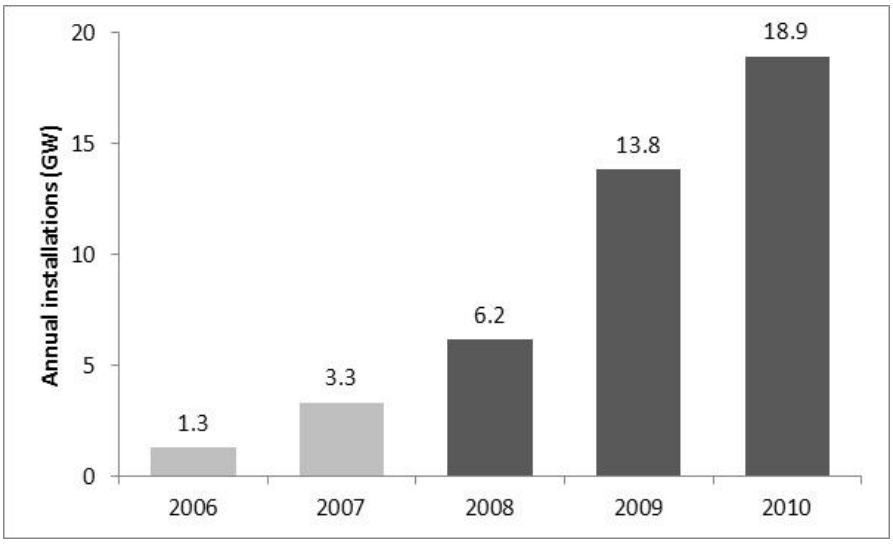
China was the largest global wind market in 2010, with 18.9 gigawatts ("GW," equivalent to 1,000 MW) in annual installations, and is also the global leader in cumulative wind installations, with 44.7 GW installed through the end of 2010 (figure VII-1). China's wind market increased from 6.2 GW in 2008 to 18.9 GW in 2010.[3] Market growth slowed in 2011, with annual installations estimated at 20 to 21 GW. Over the next few years, annual installations are projected to range from 14 to 18 GW.[4]

[2] Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

[3] Global Wind Energy Council ("GWEC"), *Global Wind Report: Annual Market Update 2010*, pp. 11–12, 31, http://www.gwec.net/fileadmin/images/Publications/GWEC_annual_market_update_2010_-_2nd_edition_April_2011.pdf.

[4] The Chinese Wind Energy Association estimates that installations will be 15 GW per year during, 2012–20, while some industry executives' estimates are 14 to 18 GW per year in the next few years. Petitioners postconference brief, exh. 2.

Figure VII-1
Annual wind installations in China



Source: Global Wind Energy Council (GWEC), *Global Wind Report: Annual Market Update 2010*, p. 31, http://www.gwec.net/fileadmin/images/Publications/GWEC_annual_market_update_2010_-_2nd_edition_April_2011.pdf.

The number of wind towers installed in China ***.[5] These towers were almost entirely supplied by domestic production as China's imports of towers and lattice masts (HS 7308.20) were less than $1 million annually during 2008–10.[6]

There are more than 30 wind tower manufacturers in China, with production capacities ranging from 100 to 1,600 towers (table III-1). Total production capacity, based on publicly available data, exceeds 15,000 towers. Despite the larger number of producers, however, only a small number reportedly are qualified to provide utility-scale towers for the U.S. market.[7] Of the 31 companies listed in table VII-1, ***.[8]

[5] ***.

[6] GTIS, Global Trade Atlas database, http://www.gtis.com (accessed January 25, 2012).

[7] Conference transcript, p. 122 (Schutzman).

[8] ***.

Table VII-1
Wind towers: Identified Chinese producers and public production capacity data, January 2012

Company	Tower capacity (Number of towers)
AUSKY (Shandong) Machinery Manufacturing Co., Ltd.	Not available
Chengde Tianbao Machinery Co., Ltd.	200
Chengxi	800
China WindPower Group (via subsidiary Jilin Tianhe Wind Power Equipment Ltd.)	100
CleanTech Innovations Inc.	Not available
CNR Wind Turbine Co., Ltd.	1,000
CS Wind (China)	Not available
Dajin Heavy Industry Corporation	500
Guangdong No 2 Hydropower Engineering Co., Ltd.	Not available
Harbin Hongguang	1,000
Hebei Ningqiang Group	600
Hebei Qianshan Steel Industry Project Co.	Not available
Inner Mongolia Tianyuan New Energy Co., Ltd.	300
Jiangbiao Group (Nanjing)	Not available
Jiangsu Baolong Tower Tube Manufacturing Co., Ltd.	450
Jiangsu Taihu Boiler Co.,Ltd.	Not available
Jilin Miracle Equipment Manufacturing Engineering Co., Ltd.	>400
Kaiming Dafeng Machinery Manufacturing Co., Ltd.	600
Nantong Hongbo Widower Equipment Co., Ltd.	400
Ningxia Electric Power Group	500
Ningxia Yinxing Energy Co.	500
Qingdao Gelinte Environmental Protection Equipment Co., Ltd.	200
Qingdao Ocean Group	550
Qingdao Pingcheng Steel Structure Co., Ltd.	>600
Qingdao Tianneng Electric Power Engineering Machinery Co., Ltd.	800 to 1,000
Qingdao Wuxiao Group Co., Ltd.	1,000
Renewable Energy Asia Group Ltd.	1,200
Shandong Endless Wind Turbine Technical Equipment Co., Ltd.	500
Shandong Zhongkai Wind Power Equipment Manufacturers, Ltd.	800
Shanghai Taisheng Wind Power Equipment Co., Ltd.	1,600
Titan Wind Energy Suzhou Co., Ltd.	1,000
Total capacity	>15,600

Note.- -***.

Source: *** Petition, exh. I-14; respondent's postconference brief, exh. 17; Research and Markets, *2011 Deep Research Report on China Wind Turbine Tower Industry,* Table of Contents, http://www.researchandmarkets.com/reports/1812779/2011_deep_research_report_on_china_wind.htm; "Shandong Sanxing Machinery Manufacturing Co.," http://www.worldwindpower.net/web.php?uid=67&wid=3; Chengde Tianbao Machinery Co. Web site, http://www.cdccc.com.cn; CleanTech Innovations Web site, http://www.ctiproduct.com/html/wind.asp (accessed January 30, 2012); "Hebei Qianshan Steel Industry Project Co. Ltd. Wind Turbine Manufacturing Project," http://english.sjzdaily.com.cn/english/2011-10/26/content_1440575.htm; Jiangsu Taihu Boiler Co. Web site, http://taihuguoluen.oinsite.cn; Jilin Miracle Equipment Manufacturing Engineering Co. Web site, http://www.bctqzb.com; "600sets/year Kaiming Wind Turbine Tower Project Built and Put into Operation," April 22, 2011, http://www.worldwindpower.net; Qingdao Ocean Thermoelectric Chemical Equipment Co., http://www.worldwindpower.net; Qingdao Pingcheng Steel Structure Co. Web site, http://www.qd-pingcheng.com; CNR Wind Turbine Co. Brochure, http://www.jrvec.com/readservice.aspx?id=10; Bloomberg New Energy Finance database, https://www.bnef.com (accessed January 22, 2010). All Web sites without a date accessed January 23, 2012.

Wind Tower Operations

Data provided by the three Chinese producers of wind towers responding to the Commission's questionnaire concerning capacity, production, inventories and shipments are presented in table VII-2. These three firms reportedly account for *** percent of the production of utility scale wind towers in China and the majority (*** percent) of total exports to the United States of such wind towers from China in 2010.[9] [10] The reported aggregate capacity increased by 22.4 percent between 2008 and 2010 and are projected to increase in 2011 and 2012. *** reported that the increase in production capacity is due to ***. The other firm that reported increased and projected increased production capacity, *** attributed the increase to ***.[11]

Although the reported aggregate production fluctuated over the period, declining in 2009 then increasing in 2010, each of the firms reported different trends. ***. Each of the firms also projected differing trends in production in 2011 and 2012, although aggregate production was projected to increase in each year. ***.[12]

During 2008-10, the Chinese producers reportedly ran their wind towers operations at levels below their collective full capacity. The aggregate reported, as well as each firm's, capacity utilization declined between 2008 and 2009, then increased in 2010, although only *** reported higher capacity utilization in 2010 than in 2008.

Two firms, ***, reported exports, of which exports to the United States represented the largest share (ranging from *** percent to *** percent of total shipments for these two firms during 2008-10).[13] *** reported declines in total exports and exports to the United States in 2009 and then an increase in 2010, although approximately *** percent lower than in 2008. *** project an increase in exports and exports to the United States in 2012. ***. All three responding firms reported holding inventories of towers awaiting shipment.[14]

Only one firm, ***, reported plans to produce other products, namely rotor houses, in 2012 on the same equipment, machinery, and workers used in the production of wind towers. All three firms reported constraints on production capacity. Three reported being constrained by the capacity of the existing facility or inability to expand the existing facility, one reported being constrained by the number of skilled workers, one reported funding constraints, and one noted the bottleneck at the painting process.

[9] The Respondents contend that while there are other manufacturers in China, these firms are not qualified as sources for OEMs in the United States, and that all firms which export to the United States have provided questionnaire responses. Conference transcript, pp. 130-131 (Marshak).

[10] Petitioners argue that there are a large number of subject producers that have failed to provide questionnaire responses; these include ***. Petitioners' postconference brief, exh. 1, p. 8 and exh. 20.

[11] The other Chinese producer, ***.

[12] ***.

[13] *** reported that ***.

[14] *** reported that ***. Email from ***, January 30, 2012.

Table VII-2
Wind towers: Chinese production capacity, production, shipments, and inventories, 2008-10, January-September 2010, and January-September 2011, and projected 2011-12

Item	Actual experience					Projections	
	Calendar year			January-September			
	2008	2009	2010	2010	2011	2011	2012
	Quantity (*units*)						
Capacity	1,088	1,275	1,332	1,024	1,251	1,655	1,905
Production	949	877	971	689	884	1,232	1,370
End of period inventories	***	***	***	***	***	***	***
Shipments:							
Internal consumption	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to--							
The United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	879	770	838	603	902	1,216	1,516
	Ratios and shares (*percent*)						
Capacity utilization	87.2	68.8	72.9	67.3	70.7	74.4	71.9
Inventories to production	***	***	***	***	***	***	***
Inventories to total shipments	***	***	***	***	***	***	***
Share of total quantity of shipments:							
Internal consumption	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to--							
The United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
All export markets	***	***	***	***	***	***	***

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

THE INDUSTRY IN VIETNAM

Overview

The wind market in Vietnam ranked 50th globally at the end of 2010 in cumulative installations, with 31 MW installeded, though 22.3 MW of that total was added in 2010.[15] There is further wind project development underway that will lead to an increase in Vietnam's installed wind capacity.[16]

There are three wind tower producers in Vietnam, CS Wind (Vietnam), Renewable Energy of Vietnam (REVN), and Vina-Halla Heavy Industries Ltd. CS Wind (Vietnam) and Vina-Halla Heavy Industries both currently export wind towers. References on the Vina-Halla Web site to prior wind projects supplied by the company are primarily projects in Asia, with exports of only two towers to the United States listed.[17] Vietnam's overall exports of towers and lattice masts (HS 7308.20), which includes nonsubject products, increased from $104.0 million in 2008 to $106.0 million in 2009, then decreased slightly to $98.5 million in 2010. The United States accounted for 51 percent of exports, the European Union 29 percent, and Canada 17 percent.[18]

Wind Tower Operations

Data provided by one producer of wind towers in Vietnam, CS Wind (Vietnam) responding to the Commission's questionnaire concerning capacity, production, inventories and shipments are presented in table VII-3. This firm reportedly accounted for the vast majority of subject wind towers production in Vietnam and *** exports to the United States of wind towers from Vietnam in 2010 (*** percent and ***

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[15] World Wind Energy Association ("WWEA"), *World Wind Energy Report 2010*, p. 20, http://www.wwindea.org/home/images/stories/pdfs/worldwindenergyreport2010_s.pdf.

[16] Tim Culpan, "Teco Gets Wind Turbine Order from Vietnam, Commercial Times Says," *Bloomberg News*, May 31, 2011, http://www.bloomberg.com/news/2011-05-31/teco-gets-wind-turbine-order-from-vietnam-commercial-times-says.html; GE, "First Wind Farm in Vietnam's Mekong Delta Will Be Powered by 16 Megawatts of GE Technology," News release, July 14, 2011, http://www.genewscenter.com/Press-Releases/First-Wind-Farm-in-Vietnam-s-Mekong-Delta-Will-Be-Powered-by-16-Megawatts-of-GE-Technology-3232.aspx; *Bloomberg News*, "Exim bank to Lend Vietnam $1 Billion for Mekong Wind-Power Plant," October 18, 2011, http://www.bloomberg.com/news/2011-10-19/us-eximbank-to-lend-vietnam-1-billion-to-build-wind-power-plant.html; GWEC, *Global Wind Report: Annual Market Update 2010*, April 2011, p. 6; José Santamarta, "Argentina's IMPSA Install a Wind Turbine Factory in Vietnam and Build 1,000 MW of Wind Power," *REVE*, April 19, 2010, http://www.evwind.es/noticias.php?id_not=5290.

[17] Vina-Halla's annual production capacity is 400 towers and the firm exported two wind towers to the United States for use in a 3.3 MW wind project at Zotos manufacturing facility in Geneva, NY in 2010. Public data on production capacity were not available for the other companies. Petition, exh. I-14, p. 11; respondent's postconference brief, exh. 9; Vina-Halla Heavy Industries Web site, http://www.vinahalla.com/english/sub02_introduction/page_01.asp?tm=2&ts=1 and http://www.vinahalla.com/english/sub02_introduction/page_01_02.asp?tm=2&ts=1 (accessed January 23, 2012).

[18] Export data for Vietnam were not available, therefore based on countries' imports from Vietnam. GTIS, Global Trade Atlas database, http://www.gtis.com (accessed January 23, 2012).

percent, respectively).[19] [20] Capacity and production declined between 2008 and 2010.[21] CS Wind (Vietnam) projects a decline in capacity in 2011 and 2012, with an increase in production in 2011 followed by a decline in 2012. Capacity utilization fluctuated between 2008 and 2010, and is projected to reach *** in 2011 then decline in 2012.[22]

*** of CS Wind (Vietnam)'s shipments of wind towers were exported, with exports to other markets in Europe and Asia growing over the period for which data were collected. Exports to the United States declined from *** percent of total shipments in 2008 to *** percent in 2010, and are projected to increase *** in 2011 and decline again in 2012.

CS Wind (Vietnam) reported that *** on the same equipment, machinery, and workers used in the production of wind towers. The firm attributed this ***.

Table VII-3
Wind towers: Vietnam production capacity, production, shipments, and inventories, 2008-10, January-September 2010, and January-September 2011, and projected 2011-12

* * * * * * *

COMBINED DATA FOR THE INDUSTRIES IN CHINA AND VIETNAM

Table VII-4 presents aggregate data for the reporting producers of wind towers from China and Vietnam.

Table VII-4
Wind towers: China and Vietnam combined reported production capacity, production, shipments, and inventories, 2008-10, January-September 2010, and January-September 2011, and projected 2011-12

* * * * * * *

[19] The Respondents contend that all firms which export to the United States from Vietnam have provided questionnaire responses. Conference transcript, p. 131 (Marshak).

[20] Petitioners argue that there are a large number of subject producers that have failed to provide questionnaire responses; these include ***. Petitioners' postconference brief, exh. 1, p. 8.

[21] *** calculated its production capacity based on the smaller of the bending machine capacity or capacity of workers.

[22] *** stated that its production capacity is constrained by the number of skilled workers and the capacity and efficiency of its facility. In addition, the firm reported that its production capacity fluctuated during 2008-10 while it steadily reduced its number of employees even though its mechanical capacity increased with the addition of eight rolling lines in 2008. ***.

U.S. IMPORTERS' INVENTORIES

Data collected in these investigations on U.S. importers' end-of-period inventories of wind towers are presented in table VII-5.[23] U.S. importer's reported inventories of wind towers from China and Vietnam were present in only 2009 and January-September 2011. U.S. importers' reported inventories of wind towers from nonsubject sources increased during the period for which data were collected, and remained the same in January-September 2011 as in January-September 2010. As a ratio of imports, inventories of imports from nonsubject sources increased over a period when imports declined.

Table VII-5
Wind towers: U.S. importers' end-of-period inventories of imports, by source, 2008-10, January-September 2010, and January-September 2011

* * * * * * *

U.S. IMPORTERS' CURRENT ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of wind towers from China and Vietnam after September 30, 2011. Table VII-6 presents the quantity and value of orders by 11 U.S. importers which indicated that they had imported or arranged for the importation of wind towers from China, Vietnam, and other sources.[24] ***.[25] Another importer, Siemens, reported that the domestic producers qualified to supply wind towers have no excess capacity for 2012 to supply Siemens.[26]

[23] Three importers reported end-of-period inventories. Two importers reported inventories of imports from China, representing approximately *** of total reported quantity of imports from China during January 2008-September 2011. *** reported inventories in 2009, while *** reported inventories in January-September 2011. No importers reported inventories of imports from Vietnam. The one importer, *** that reported inventories from all other sources (namely, ***) did so to ***. Email from ***, January 22, 2012.

[24] Five importers reported imports from China (majority reported by ***), two importers (***) reported imports from Vietnam, and 11 from all other sources (majority reported by ***). No importers reported orders for the importation of wind towers after September 2012.

[25] GE's written statement, January 24, 2012 and importer questionnaire response.

[26] Respondent Siemens' postconference brief, p. 21, and conference transcript, p. 112 (Revak)

Table VII-6
Wind towers: U.S. importers' orders for delivery subsequent to September 30, 2011, by period

Source	Sept-Dec 2011	Jan-Mar 2012	Apr-Jun 2012	Jul-Sept 2012	After Sept 2012	Total
			Quantity (*units*)			
China	***	***	***	***	***	***
Vietnam	***	***	***	***	***	***
Subtotal, subject	***	***	***	***	***	1,859
All other sources	***	***	***	***	***	944
Total	***	***	***	***	***	2,803
			Value (*$1,000*)			
China	***	***	***	***	***	***
Vietnam	***	***	***	***	***	***
Subtotal, subject	***	***	***	***	***	546,796
All other sources	***	***	***	***	***	313,058
Total	***	***	***	***	***	859,854

Note.–***.

Source: Compiled from data submitted in response to Commission questionnaires.

ANTIDUMPING INVESTIGATIONS IN THIRD-COUNTRY MARKETS

No producer, importer, or foreign producer reported any countervailing or antidumping duty orders on wind towers from China or Vietnam in third-country markets.[27]

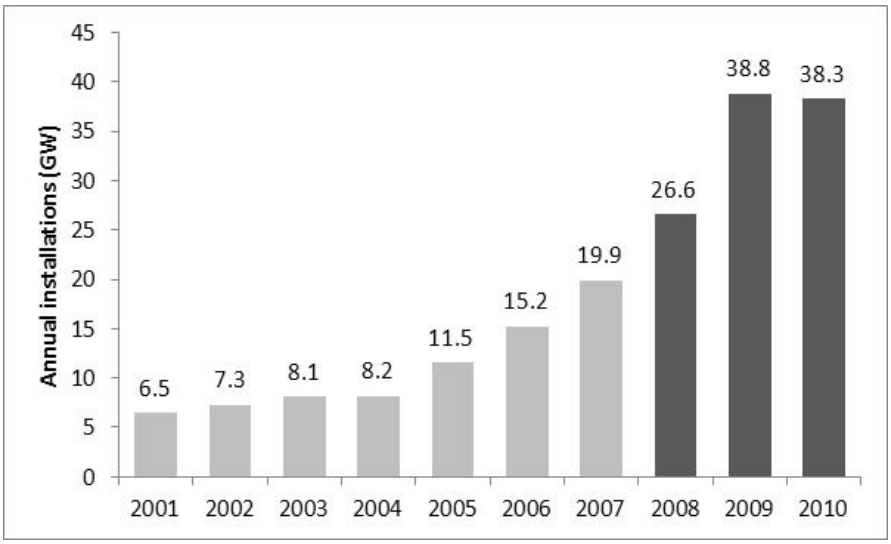
INFORMATION ON NONSUBJECT COUNTRIES

The global wind tower market, as measured by annual wind turbine installations, increased from 26.6 GW in 2008 to 38.8 GW in 2009, then declined slightly to 38.3 GW in 2010 (figure VII-2). Four markets accounted for a combined 93 percent of wind turbine installations in 2010–China (18.9 GW, 49 percent of 2010 installations), the European Union (9.3 GW, 24 percent), the United States (5.1 GW, 13 percent), and India (2.1 GW, 6 percent). However, there is significant growth in other global markets. For example, wind installations in Canada passed 1 GW for the first time in 2011.[28]

[27] Respondents concurred that they were unaware of any third country trade barriers. Conference transcript, p. 151 (Feldman/Schutzman).

[28] Canadian Wind Energy Association, *Powering Canada's Future*, December 2011, http://www.canwea.ca/pdf/Canada%20Current%20Installed%20Capacity_e.pdf; GWEC, *Global Wind Report: Annual Market Update 2010*, pp. 11, 14.

Figure VII-2
Global wind installations, 2001–10



Source: GWEC, *Global Wind Report: Annual Market Update 2010*, pp. 11, 14.

Global Shipments

Global wind tower shipments, as measured by overall wind turbine shipments,[29] are estimated to have ***. Wind turbine shipments ***.[30]

Figure VII-3
Global wind turbine shipments, 2006–10

* * * * * * *

Leading Nonsubject Suppliers to the U.S. Market

U.S. imports of towers and lattice masts (including nonsubject products) from nonsubject sources decreased from $752.7 million in 2008 to $345.1 million in 2010. Through September 2011, imports from nonsubject sources, in the narrower HTS provision for tubular towers added in 2011, totaled $133.7 million. There have been substantial annual shifts in both the value and share of imports accounted for by the leading nonsubject producers. Korea was the leading nonsubject source of imports in 2008 and 2009, while Canada was the leading source in 2010. Canada was the second largest source of nonsubject imports in 2008, Indonesia was the second largest source in 2009, and Mexico was the second largest source in 2010.[31]

[29] Wind turbines are not always installed in the same year in which they are shipped; therefore there may be a difference between shipments and installations. Petition, exh. I-4, p. 39.

[30] ***.

[31] In this section, data on imports from 2008 to 2010 are imports in HTS statistical reporting number 7308.20.0000 (towers and lattice masts of iron or steel), while data for 2011 are imports in the narrower HTS

(continued...)

Korea

Korea was the leading nonsubject supplier of towers to the U.S. market in 2008, 2009, and the first nine months of 2011, though U.S. imports from Korea decreased during this time period.[32] There are at least four producers of wind towers in Korea, at least two of which have supplied the U.S. market (table VII-7). Production capacity at the two companies for which data are available totals 1,880 towers.

Table VII-7
Wind towers: Korean producers

Company	Annual production capacity	Towers exports to the United States?
Dongkuk S&C	860[1] towers	Yes (2,074 towers as of 2009)
Sangwon ENS Co.	25,000 tons	Not available
Speco[2]	Not available	Not available
Win & P.	1,020 towers	Yes

[1] As of 2009.
[2] Speco also has a plant in Mexico.

Sources: Dongkuk S&C Brochure, http://www.dongkuksnc.co.kr/movie/DONGKUKS&C_ENGLISH.PDF; Win & P. Web site, http://www.winnp.co.kr (accessed January 9, 2012): Sangwon ENS Web Site, http://sw1823.koreasme.com/eng/product/pro02.htm; SPECO Web site, http://en.speco.co.kr/products/product00.html and http://en.speco.co.kr/products/product00_1.html (accessed January 10, 2012).

Canada

Canada was the leading source of imports in 2010 and the second largest source of imports in 2008. In 2009, there was a sharp drop in imports from Canada.[33] There are currently six tower producers in Canada, three of which opened plants in 2011 (table VII-8). The Canadian wind turbine market is expanding, with installations projected to reach a record high 1,338 MW in 2011, so Canadian tower production is directed toward both meeting domestic demand and exports to the United States market.[34]

[31] (...continued)
statistical reporting number 7308.20.0020, tubular steel towers and section components thereof. USITC Dataweb/USDOC (accessed January 23, 2012 and January 30, 2012).

[32] USITC Dataweb/USDOC (accessed January 23, 2012 and January 30, 2012).

[33] USITC Dataweb/USDOC (accessed January 23, 2012 and January 30, 2012).

[34] John McKenna, "Canada Doubles Wind Installation over 2011," *Windpower Monthly*, September 27 2011, http://www.windpowermonthly.com/news/1095404/Canada-doubles-wind-installation-2011/.

Table VII-8
Wind towers: Canadian producers

Company	Annual production capacity	Towers exports to the United States?
CS Wind	300 towers	Opened in December 2011, plans to supply North American market from plant
DMI Industries	More than 400 tower sections[1]	Yes
DSTN	250 towers	Opened in June 2011, initial production for Canadian market
Enercon[2]	150 towers	Opened in June 2011, no recent Enercon installations in the United States
Hitachi Canadian Industries	Not available	Not available
Marmen	2 plants, capacity not available	Yes

[1] Initial annual production capacity was 400–500 tower sections. DMI later announced plans to expand production capacity by 30 percent.
[2] Produces concrete towers.

Note.- -Production capacity may be announced production capacity and plant may not currently be at that production level.

Sources: Chen, Dalson and Doug Schmidt, "CS Wind Hiring for Windsor Plant," *The Windsor Star,* April 21, 2011, http://www2.canada.com/windsorstar/news/story.html?id=070f666e-8683-4e3a-a82f-0c7818cedbc4; Dave Hall, "Ont. Banks on Green and Clean," *The Windsor Star,* December 07, 2011, http://www2.canada.com/windsorstar/news/story.html?id=db34d720-7eb5-42e9-ba59-cea75ed444ed; Brad Murray, "Harvest The Wind," April 29, 2011, http://www.strait-highlands.ns.ca/shrda/shrda_main.nsf/HTW-WindTowerAndBladeManufacturing-DSTN-BMurray.pdf; DSTN, "DSTN Celebrates Grand Opening," News release, June 14, 2011, http://www.dstn.ca/media_20110614.php; *The News*, "Wind tower plant sees business grow in 2011," December 27, 2011, http://www.ngnews.ca/Business/2011-12-27/article-2849344/Wind-tower-plant-sees-business-grow-in-2011/1; Marmen Web site, http://www.marmeninc.com/en/marmen/who-are-we/ (accessed January 10, 2012); Marmen brochure, "Windpower," p. 2; Enercon, "Precast Tower Construction Facility in Matane Inaugurated," News release, June 14, 2011, http://www.enercon.de/p/downloads/PM_Inauguration_Matane_en.pdf; Brett Clarkson, "50 Workers Laid Off at Fort Erie Plant," *Niagara Falls Review*, http://www.niagarafallsreview.ca/ArticleDisplay.aspx?e=3305568; Otter Tail Corp., "DMI Opens Ontario's First Fully Dedicated Wind Tower Facility," News release, August 23, 2006, http://www.ottertail.com/press/releasedetail.cfm?ReleaseID=208164; Otter Tail Corp., "DMI Announces Expansion at Fort Erie Wind Tower Manufacturing Plant," News release, February 7, 2007, http://www.ottertail.com/press/releasedetail.cfm?ReleaseID=228991; Hitachi Canadian Industries Web site, http://www.hitachi.sk.ca/ (accessed January 10, 2012); Petition, exh. I-28.

Mexico

Mexico was the third largest source of U.S. tower and lattice mast imports during 2008–10, by value.[35] There are at least three wind tower producers in Mexico—Groupo Industrial Monclova (GIMSA), Speco, and Trinity Structural Towers—but information on production capacity for these companies is not available (table VII-9).

[35] USITC Dataweb/USDOC (accessed January 23, 2012).

Table VII-9
Wind towers: Mexican producers

Company	Annual production capacity	Tower exports to the United States?
Grupo Industrial Monclova (GIMSA)[1]	Not available	Not available
Speco	Not available	Not available
Trinity Structural Towers	Not available	Yes

[1] Towers are produced by at least one of GIMSA's subsidiaries.

Sources: Speco Web Site, http://en.speco.co.kr/products/product00_1.html (accessed January 10, 2012); Trinity Structural Towers Web site, http://www.trin.net/trinbusi/energy.html (accessed January 10, 2012); Enertech Farbricaciones Web site, http://www.enertech.com.mx/html/products.htm (accessed January 11, 2012); GSTM Web site, http://www.gstm.com.mx/products.html (accessed January 11, 2012); Conference transcript, pp. 69–70 (Cole).

Indonesia

Indonesia was the fourth largest nonsubject supplier of towers and lattice masts to the U.S. market during 2008–10, by value, though imports declined sharply from 2008 to 2010. Through the first nine months of 2011 imports of tubular towers totaled $17.4 million.[36] The principal producer of wind turbine towers in Indonesia is Korindo Wind, which has an annual production capacity of more than 800 towers (table VII-10).[37]

Table VII-10
Wind towers: Indonesian producers

Company	Annual production capacity	Towers exports to the United States?
Korindo Wind	more than 800 towers	Yes (more than 600 as of May 2010)

Source: Korindo Wind Web site, http://www.korindowind.com/faq (accessed January 9, 2012).

[36] USITC Dataweb/USDOC (accessed January 23, 2012).

[37] Korindo Wind Web site, http://www.korindowind.com/faq (accessed January 9, 2012).

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–486 and 731–TA–1195–1196 (Preliminary)]

Utility Scale Wind Towers From China and Vietnam; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations

AGENCY: United States International Trade Commission.

ACTION: Notice.

SUMMARY: The Commission hereby gives notice of the institution of investigations and commencement of preliminary phase antidumping and countervailing duty investigations Nos. 701–TA–486 and 731–TA–1195–1196 (Preliminary) under section 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a) and 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from China and Vietnam of utility scale wind towers, provided for in subheading 7308.20.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value and alleged to be subsidized by the Government of China. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. 1673a(c)(1)(B)), the Commission must reach preliminary determinations in antidumping investigations in 45 days, or in this case by February 13, 2012. The Commission's views are due at Commerce within five business days thereafter, or by February 21, 2012.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through

E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207).

DATES: *Effective Date:* December 29, 2011.

FOR FURTHER INFORMATION CONTACT: Nathanael Comly (202) 205–3174, Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on (202) 205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at (202) 205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov*.

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted in response to a petition filed on December 29, 2011, by Broadwind Towers, Inc., Manitowoc, WI; DMI Industries, Fargo, ND; Katana Summit LLC, Columbus, NE; and Trinity Structural Towers, Inc., Dallas, TX.

Participation in the investigations and public service list.—Persons (other than petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these investigations available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigations under the APO issued in the investigations, provided that the application is made not later than seven days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference.—The Commission's Director of Investigations has scheduled a conference in connection with these investigations for 9:30 a.m. on January 19, 2012, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Requests to appear at the conference should be filed with the Office of the Secretary (*William.bishop@usitc.gov* and *Sharon.bellamy@usitc.gov*) on or before January 17, 2012. Parties in support of the imposition of antidumping and/or countervailing duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before January 24, 2012, a written brief containing information and arguments pertinent to the subject matter of the investigation. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. Please be aware that the Commission's rules with respect to electronic filing have been amended. The amendments took effect on November 7, 2011. See 76 FR 61937 (Oct. 6, 2011) and the newly revised Commission's Handbook on E–Filing, available on the Commission's Web site at *http://edis.usitc.gov*.

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

By order of the Commission.

Issued: December 29, 2011.

James R. Holbein,

Secretary to the Commission.

[FR Doc. 2012–15 Filed 1–5–12; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–981, A–552–814]

Utility Scale Wind Towers From the People's Republic of China and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

DATES: *Effective Date:* January 24, 2012.

FOR FURTHER INFORMATION CONTACT: Karine Gziryan or Erin Kearney at (202) 482–4081 or (202) 482–0167, respectively (the People's Republic of China (the ''PRC'')), AD/CVD Operations, Office 4; or Brandon Farlander or Trisha Tran at (202) 482–0182 or (202) 482–4852, respectively (the Socialist Republic of Vietnam (''Vietnam'')), AD/CVD Operations, Office 4, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

The Petitions

On December 29, 2011, the Department of Commerce (the ''Department'') received petitions concerning imports of utility scale wind towers (''wind towers'') from the PRC and Vietnam filed in proper form on behalf of the Wind Tower Trade Coalition (''Petitioner''). *See* Petitions for the Imposition of Antidumping and Countervailing Duties on Utility Scale Wind Towers from the People's Republic of China and Antidumping Duties on Utility Scale Wind Towers from Vietnam filed on December 29, 2011 (the ''Petitions''). On January 5 and 6, 2012, the Department requested additional information and clarification of certain areas of the Petitions. Petitioner filed responses to these requests on January 11, 2012, (hereinafter, ''First Supplement to the PRC Petition,'' ''First Supplement to the Vietnam Petition,'' and ''First Supplement to the AD/CVD Petitions,'' respectively). The Department requested additional clarifications from Petitioner on January 12, 2012. *See* Memorandum to the File from Meredith Rutherford, titled ''Phone Call to Counsel for the Petitioner,'' dated January 12, 2012. Petitioner provided these additional clarifications on January 12, 2012, (hereinafter, ''Second Supplement to the PRC Petition'' and ''Second Supplement to the Vietnam Petition,'' respectively). Further, the Department requested additional information and clarifications to the scope and the Petitions on January 13, 2012. Petitioner filed responses to these requests on January 17, 2012, (hereinafter, ''Second Supplement to the AD/CVD Petitions,'' ''Third Supplement to the PRC Petition,'' and ''Third Supplement to the Vietnam Petition,'' respectively). The Department requested additional clarifications concerning the surrogate value for one material input from Petitioner on January 17, 2012. *See* Memorandum to the File from Karine Gziryan, titled ''Phone Call to Counsel for the Petitioner,'' dated January 17, 2012. Petitioner provided these additional clarifications on January 18, 2012, (hereinafter, ''Fourth Supplement to the PRC Petition'').

In accordance with section 732(b) of the Tariff Act of 1930, as amended (the ''Act''), Petitioner alleges that imports of wind towers from the PRC and Vietnam are being, or are likely to be, sold in the United States at less than fair value, within the meaning of section 731 of the Act, and that such imports are materially injuring, or threatening material injury to, an industry in the United States. Also, consistent with section 732(b)(1) of the Act, the Petitions are accompanied by information reasonably available to Petitioner supporting its allegations.

The Department finds that Petitioner filed the Petitions on behalf of the domestic industry because Petitioner is an interested party as defined in section 771(9)(C) and (E) of the Act and has demonstrated sufficient industry

support with respect to the antidumping duty investigations that Petitioner is requesting that the Department initiate (*see* ''Determination of Industry Support for the Petitions'' section below).

Period of Investigation

19 CFR 351.204(b) states that, in the case of a nonmarket economy (''NME'') country, the Department normally will examine in an investigation merchandise sold during the two most recently completed fiscal quarters as of the month preceding the month in which the petition was filed. The regulations further state that the Department may examine merchandise sold during any additional or alternate period it concludes is appropriate.

Pursuant to 19 CFR 351.204(b), the two most recently completed fiscal quarters as of the month preceding the month in which the petition was filed would be the second and third fiscal quarters of 2011, April through September 2011.

For this investigation, Petitioner has requested that the Department consider expanding the period of investigation (''POI'') to include more than two fiscal quarters. According to Petitioner, the subject merchandise involves a lengthy bidding process, custom specifications for production and long lead times. Petitioner claims that a POI of normal duration may not capture a large number of sales.

The Department will consider Petitioner's arguments, as well as comments from other interested parties, on this matter and will make a determination regarding the POI as the investigation proceeds. *See, e.g., Initiation of Antidumping Duty Investigation: Certain Folding Gift Boxes From the People's Republic of China,* 66 FR 15400, 15400–01 (March 19, 2001) (where the Department did not make a determination regarding the length of the POI at initiation in a case where the merchandise was sold using long-term contracts).

Scope of the Investigations

The products covered by these investigations are wind towers from the PRC and Vietnam. For a full description of the scope of the investigations, please *see* the ''Scope of the Investigations'' in Appendix I of this notice.

Comments on Scope of Investigations

During our review of the Petitions, we discussed the scope with Petitioner to ensure that it is an accurate reflection of the products for which the domestic industry is seeking relief. Petitioner submitted revised scope language on January 12, 2012, and January 17, 2012. Among the revisions was the following substantive provision:

> Future utility scale wind tower configurations that meet the minimum height requirement, which may include lattice masts, and are designed to support wind turbine electrical generators greater than 100 kW are also included within this scope.

The Department has not adopted this specific revision recommended by Petitioner for the purposes of initiation.[1] Given the scarcity of information on this product, the Department has had neither the time nor the administrative resources to evaluate this proposed language prior to the initiation date. However, as discussed in the preamble to the Department's regulations, we are setting aside a period during the investigation for interested parties to raise issues regarding product coverage. *See Antidumping Duties; Countervailing Duties; Final Rule,* 62 FR 27296, 27323 (May 19, 1997). The Department encourages all interested parties to submit such comments by February 7, 2012, 5 p.m. Eastern Standard Time, 20 calendar days from the signature date of this notice. All comments must be filed on the records of the PRC and Vietnam antidumping duty investigations as well as the PRC countervailing duty investigation concurrently initiated with this investigation. All comments and submissions to the Department must be filed electronically using Import Administration's Antidumping Countervailing Duty Centralized Electronic Service System (IA ACCESS).[2] An electronically filed document must be received successfully in its entirety by the Department's electronic records system, IA ACCESS, by the time and date noted above. Documents excepted from the electronic submission requirements must be filed manually (*i.e.,* in paper form) with the Import Administration's APO/Dockets Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230, and stamped with the date and time of receipt by the deadline noted above.

The period of scope comments is intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determinations.

Comments on Product Characteristics for Antidumping Duty Questionnaires

We are requesting comments from interested parties regarding the appropriate physical characteristics of wind towers to be reported in response to the Department's antidumping questionnaires. This information will be used to identify the key physical characteristics of the subject merchandise in order to more accurately report the relevant factors and costs of production, as well as to develop appropriate product comparison criteria.

Interested parties may provide any information or comments that they feel are relevant to the development of an accurate listing of physical characteristics. Specifically, they may provide comments as to which characteristics are appropriate to use as (1) general product characteristics and (2) the product comparison criteria. We note that it is not always appropriate to use all product characteristics as product comparison criteria. We base product comparison criteria on meaningful commercial differences among products. In other words, while there may be some physical product characteristics utilized by manufacturers to describe wind towers, it may be that only a select few product characteristics take into account commercially meaningful physical characteristics. In addition, interested parties may comment on the order in which the physical characteristics should be used in product matching. Generally, the Department attempts to list the most important physical characteristics first and the least important characteristics last.

In order to consider the suggestions of interested parties in developing and issuing the antidumping duty questionnaires, we must receive comments filed in accordance with the Department's electronic filing requirements, available at 19 CFR 351.303(g), by February 7, 2012. Additionally, rebuttal comments must be received by February 14, 2012.

Determination of Industry Support for the Petitions

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) At least 25

[1] The Department has independent authority to determine the scope of its investigations. *See Diversified Products Corp.* v. *United States,* 572 F. Supp. 883, 887 (CIT 1983).

[2] *See Antidumping and Countervailing Duty Proceedings: Electronic Filing Procedures; Administrative Protective Order Procedures,* 76 FR 39263 (July 6, 2011) for details of the Department's electronic filing requirements, which went into effect on August 5, 2011. Information on help using IAACCESS can be found at *https://iaaccess.trade.gov/help.aspx* and a handbook can be found at *https://iaaccess.trade.gov/help/Handbook%20on%20Electronic%20Filling%20Procedures.pdf.*

percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) Poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A); or (ii) determine industry support using a statistically valid sampling method to poll the ''industry.''

Section 771(4)(A) of the Act defines the ''industry'' as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (''ITC''), which is responsible for determining whether ''the domestic industry'' has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (*see* section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law. *See USEC, Inc.* v. *United States,* 132 F. Supp. 2d 1, 8 (Ct. Int'l Trade 2001) (citing *Algoma Steel Corp., Ltd.* v. *United States,* 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988)), *aff'd* 865 F.2d 240 (Fed. Cir. 1989), *cert. denied* 492 U.S. 919 (1989).

Section 771(10) of the Act defines the domestic like product as ''a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.'' Thus, the reference point from which the domestic like product analysis begins is ''the article subject to an investigation'' (*i.e.,* the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, Petitioner does not offer a definition of the domestic like product distinct from the scope of the investigations. Based on our analysis of the information submitted on the record, we have determined that wind towers constitute a single domestic like product and we have analyzed industry support in terms of that domestic like product. For a discussion of the domestic like product analysis in this case, *see* Antidumping Duty Investigation Initiation Checklist: Utility Scale Wind Towers from the PRC (''PRC Initiation Checklist'') at Attachment II, and Antidumping Duty Investigation Initiation Checklist: Utility Scale Wind Towers from Vietnam (''Vietnam Initiation Checklist'') at Attachment II, dated concurrently with this notice and on file electronically via IA ACCESS. Access to documents filed via IA ACCESS is also available in the Central Records Unit (CRU), Room 7046 of the main Department of Commerce building.

In determining whether Petitioner has standing under section 732(c)(4)(A) of the Act, we considered the industry support data contained in the Petitions with reference to the domestic like product as defined in the ''Scope of the Investigations,'' in Appendix I of this notice. To establish industry support, Petitioner provided its own 2010 production of the domestic like product, and compared this to the estimated total production of the domestic like product for the entire domestic industry. *See* Volume I of the Petitions at 2–3 and Exhibits I–3 and I–29, and First Supplement to the AD/CVD Petitions at 5–6 and Supplemental Exhibits I–2 and I–3; *see also* PRC Initiation Checklist at Attachment II and Vietnam Initiation Checklist at Attachment II.

Our review of the data provided in the Petitions, supplemental submissions, and other information readily available to the Department indicates that Petitioner has established industry support. *See* PRC Initiation Checklist at Attachment II and Vietnam Initiation Checklist at Attachment II. First, the Petitions established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, the Department is not required to take further action in order to evaluate industry support (*e.g.,* polling). *See* section 732(c)(4)(D) of the Act; *see also* PRC Initiation Checklist at Attachment II and Vietnam Initiation Checklist at Attachment II. Second, the domestic producers (or workers) have met the statutory criteria for industry support under section 732(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the Petitions account for at least 25 percent of the total production of the domestic like product. *See* PRC Initiation Checklist at Attachment II and Vietnam Initiation Checklist at Attachment II. Finally, the domestic producers (or workers) have met the statutory criteria for industry support under section 732(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the Petitions account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petitions. *See id.* Accordingly, the Department determines that the Petitions were filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.

The Department finds that Petitioner filed the Petitions on behalf of the domestic industry because it is an interested party as defined in section 771(9)(C) and (E) of the Act and it has demonstrated sufficient industry support with respect to the antidumping duty investigations that it is requesting the Department initiate. *See id.*

Allegations and Evidence of Material Injury and Causation

Petitioner alleges that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the imports of the subject merchandise sold at less than normal value (''NV''). In addition, Petitioner alleges that subject imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act. Petitioner contends that the industry's injured condition is illustrated by reduced market share, lost sales and revenues, reduced production, reduced shipments, reduced capacity utilization rate, underselling and price depression and suppression, reduced workforce, decline in financial performance, and an increase in import penetration. *See* Volume I of the Petitions at 23–54. We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. *See* PRC Initiation Checklist at Attachment III and Vietnam Initiation Checklist at Attachment III.

Allegations of Sales at Less Than Fair Value

The following is a description of the allegations of sales at less than fair value upon which the Department based its decision to initiate these investigations of imports of wind towers from the PRC and Vietnam. The sources of data for the deductions and adjustments relating to

the U.S. price and the factors of production (''FOPs'') are also discussed in the country-specific initiation checklists. *See* PRC Initiation Checklist and Vietnam Initiation Checklist.

Export Price

The PRC

Petitioner calculated export price (''EP'') based on declarations of the price bid for wind towers by a certain Chinese exporter/reseller and the lost U.S. sale by a U.S. producer during the POI, as identified in one Declaration Regarding Lost U.S. Sales and one Declaration Regarding U.S. Sales Offers provided by Petitioner. *See* Volume II of the Petitions at Exhibits II–4 and II–1; First Supplement to the PRC Petition at Supplemental Exhibit II–5; *see also* PRC Initiation Checklist. Petitioner calculated the EP using the quoted transaction price as the best information reasonably available. According to Petitioner, the offer made by the Chinese producer reflects the ex-factory EP; therefore, Petitioner made no adjustments to the quoted price. *See* Volume II of the Petitions at 6 and Exhibits II–4 and II–22; *see also* PRC Initiation Checklist.

Vietnam

Petitioner calculated EP based on a Vietnamese exporter's sales of wind towers to wind tower users and distributors in the United States. Specifically, Petitioner stated that official import statistics were used to calculate two U.S. prices by month and port for shipments from the Vietnamese exporter. *See* Volume I of the Petitions at 4–8 and Exhibit I–19; Volume IV of the Petitions at 4 and Exhibit IV–2; First Supplement to the Vietnam Petition at 3–4; Second Supplement to the Vietnam Petition at Attachment 1; *see also* Vietnam Initiation Checklist. Petitioner stated that, because these U.S. prices were derived from official U.S. import statistics and were based on the Customs value of the goods, its U.S. prices are already ex-work prices and, therefore, no adjustments for movement expenses are necessary. *See* Volume IV of the Petitions at 8–9 and Exhibit IV–8; *see also* Vietnam Initiation Checklist.

Normal Value

The PRC

Petitioner states that the Department has long treated the PRC as a non-market economy (''NME'') country and this designation remains in effect today. *See* Volume II of the Petitions at 7; *see also Drill Pipe from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Critical Circumstances,* 76 FR 1966, 1968 (January 11, 2011); *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Critical Circumstances, in Part,* 75 FR 57449, 57452 (September 21, 2010).

In accordance with section 771(18)(C)(i) of the Act, the presumption of NME status remains in effect until revoked by the Department. The presumption of NME status for the PRC has not been revoked by the Department and, therefore, remains in effect for purposes of the initiation of the PRC investigation. Accordingly, the NV of the product for the PRC investigation is appropriately based on FOPs valued in a surrogate market-economy (''ME'') country in accordance with section 773(c) of the Act. In the course of the PRC investigation, all parties, in addition to the public, will have the opportunity to provide relevant information related to the issue of the PRC's NME status and the granting of separate rates to individual exporters.

Petitioner claims that South Africa is an appropriate surrogate country under section 773(c) of the Act because it is a ME country that is at a comparable level of economic development to the PRC, and is a significant producer of comparable merchandise, such as fabricated steel towers and masts. *See* Volume II of the Petitions at 8–9 and Exhibit II–8. Further, surrogate values data from South Africa are available and reliable. *See* Volume II of the Petitions at 8 and Exhibit II–6. Moreover, Petitioner notes that the Department has previously used South Africa as the surrogate country in previous investigations involving the PRC. See Volume II of the Petitions at 9, *citing Notice of Final Determination of Sales at Less Than Fair Value: Ferrovanadium from the People's Republic of China,* 67 FR 71137, 71139 (November 29, 2002). Based on the information provided by Petitioner, we believe that it is appropriate to use South Africa as a surrogate country for initiation purposes. After initiation of the investigation, interested parties will have the opportunity to submit comments regarding surrogate country selection and, pursuant to 19 CFR 351.301(c)(3)(i), will be provided an opportunity to submit publicly available information to value FOPs within 40 days after the date of publication of the preliminary determination.

Petitioner calculated the NV and dumping margins for the U.S. price, discussed above, using the Department's NME methodology as required by section 773(c) of the Act, 19 CFR 351.202(b)(7)(i)(C) and 19 CFR 351.408. Petitioner calculated NV based on consumption rates of one producer of wind towers (''Wind Tower Producer''). Petitioner asserts that, to the best of Petitioner's knowledge, production methods and consumption rates of the Wind Tower Producer are similar to the production methods and consumption rates of Chinese producers. *See* Volume II of the Petitions at 10–11, 15–16, and Exhibit II–10; First Supplement to the PRC Petition at 5–6 and Supplemental Exhibit II–4.

Petitioner valued most FOPs based on reasonably available, public surrogate country data, specifically, South Africa import statistics from the Global Trade Atlas (''GTA''). *See* Volume II of the Petitions at 19–20 and Exhibits II–16 through II–17; *see also* First Supplement to the PRC Petition at 5–6 and Supplemental Exhibits II–4 and II–6. Petitioner excluded from these import statistics values from countries previously determined by the Department to be NME countries, and from India, Indonesia, the Republic of Korea and Thailand, as the Department has previously excluded prices from these countries because they maintain broadly available, non-industry-specific export subsidies. Finally, imports that were labeled as originating from an ''unspecified'' country were excluded from the average value, because the Department could not be certain that they were not from either an NME country or a country with generally available export subsidies.[3] *See* Volume II of the Petitions at 19.

In addition, Petitioner made adjustments for inflation for certain FOPs using the South African producer price index, as reported in the International Monetary Fund publication, *International Financial Statistics (IFS)—South Africa. See* Volume II of the Petitions at 16 and Exhibit II–11. Petitioner also made South African Rand/U.S. dollar (''USD'') currency conversions using average exchange rates for the POI, based on Federal Reserve exchange rates. *See* Volume II of the Petitions at 16 and Exhibit II–12.

Petitioner determined labor costs using the labor consumption rates of the Wind Tower Producer. *See* Volume II of

[3] *See, e.g., Polyethylene Terephthalate Film, Sheet, and Strip from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value,* 73 FR 24552, 24559 (May 5, 2008), unchanged in *Polyethylene Terephthalate Film, Sheet, and Strip from the People's Republic of China: Final Determination of Sales at Less Than Fair Value,* 73 FR 55039 (September 24, 2008) (''*PET Film*'').

the Petitions at 10. Petitioner calculated labor costs using South African wage rates for manufacturing industries, as reported by the International Labor Organization (''ILO'') in its *Yearbook of Labor Statistics.* The Department's normal methodology is to value labor in a specific industry using Chapter 6A of the *Yearbook of Labor Statistics.* However, Petitioner stated that the ILO does not report industry-specific South African wages in Chapter 6A, so Petitioner used manufacturing data reported in Chapter 5A, for the year 2008, as the best information available, and then inflated the value to be contemporaneous with the POI using the South African consumer price index. *See* Volume II of the Petitions at 22–23 and Exhibit II–20; First Supplement to the PRC Petition at 7–8 and Supplemental Exhibit II–8.

Petitioner determined electricity costs using the electricity consumption rates, in kilowatt hours, derived from the Wind Tower Producer's experience. *See* Volume II of the Petitions at 10. Petitioner valued electricity using an average of South African electricity rates published by Eskom for industrial or heavy commercial use during the POI. *See* Volume II of the Petitions at 21 and Exhibit II–18, and First Supplement to the PRC Petition at 6–7 and Supplemental Exhibit II–7.

Petitioner determined natural gas costs using the natural gas consumption rates derived from the Wind Tower Producer's experience. *See* Volume II of the Petitions at Exhibits II–10 and II–15. Petitioner valued natural gas costs using rates published by the National Energy Regulator of South Africa, which demonstrate a gas reseller ''reference price'' per gigajoule (''Gj'') of natural gas. Petitioner converted the Gj denominated rate to a rate per mill British Thermal Unit. *See* Volume II of the Petitions at 21 and Exhibit II–19; *see also* First Supplement to the PRC Petition at 7.

Petitioner used the 2010–2011 financial statements of the South African construction company Mazor Group Ltd. (''Mazor Group'') to value factory overhead, selling, general, and administrative expenses (''SG&A''), and profit. Petitioner identified Mazor Group as a producer of comparable merchandise because it has a steel division that fabricates large scale steel structures. *See* PRC Initiation Checklist; *see also* First Supplement to the PRC Petition at 8–9 and Supplemental Exhibits II–9 and II–10.

Based on our review of Petitioner's submissions, the Department determines that the surrogate values used by Petitioner are reasonably available and, thus, acceptable for purposes of initiation. *See* PRC Initiation Checklist.

Vietnam

Petitioner states that the Department has long treated Vietnam as a NME country and this designation remains in effect today. *See* Volume IV of the Petitions at 9–10; *see also Polyethylene Retail Carrier Bags From the Socialist Republic of Vietnam: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination,* 74 FR 56813 (November 3, 2009), unchanged in *Polyethylene Retail Carrier Bags From the Socialist Republic of Vietnam: Final Determination of Sales at Less Than Fair Value,* 75 FR 16434 (April 1, 2010).

In accordance with section 771(18)(C)(i) of the Act, the presumption of NME status remains in effect until revoked by the Department. The presumption of NME status for Vietnam has not been revoked by the Department and, therefore, remains in effect for purposes of the initiation of the Vietnam investigation. Accordingly, the NV of the product for the Vietnam investigation is appropriately based on FOPs valued in a surrogate ME country in accordance with section 773(c) of the Act. In the course of the Vietnam investigation, all parties, including the public, will have the opportunity to provide relevant information related to the issue of Vietnam's NME status and the granting of separate rates to individual exporters.

Petitioner claims that India is an appropriate surrogate country under section 773(c) of the Act because it is an ME country that is at a comparable level of economic development to Vietnam and is a significant producer of comparable merchandise. *See* Volume IV of the Petitions at 11–12 and Exhibit IV–10. Further, surrogate values data from India are available and reliable. *See* Volume IV of the Petitions at 11 and Exhibit IV–9. Moreover, Petitioner states that the Department has previously found that India was an appropriate source of surrogate value information in previous investigations involving Vietnam. See Volume IV of the Petitions at 11, *citing Polyethylene Retail Carrier Bags From the Socialist Republic of Vietnam: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination,* 74 FR 56813, 56815 (November 3, 2009). Based on the information provided by Petitioner, we believe that it is appropriate to use India as a surrogate country for initiation purposes. After initiation of the investigation, interested parties will have the opportunity to submit comments regarding surrogate country selection and, pursuant to 19 CFR 351.301(c)(3)(i), will be provided an opportunity to submit publicly available information to value FOPs within 40 days after the date of publication of the preliminary determination.

Petitioner calculated the NV and dumping margins for the U.S. price, discussed above, using the Department's NME methodology as required by section 773(c) of the Act, 19 CFR 351.202(b)(7)(i)(C) and 19 CFR 351.408. Petitioner calculated NV based on consumption rates of one producer of wind towers (''Wind Tower Producer''). Petitioner asserts that, to the best of Petitioner's knowledge, production methods and consumption rates of the Wind Tower Producer are similar to the production methods and consumption rates of Vietnamese producers. *See* Volume IV of the Petitions at 12–13, 17–18, and Exhibit IV–12; *see also* First Supplement to the Vietnam Petition at 4–5 and Supplemental Exhibit IV–2.

Petitioner valued most FOPs based on reasonably available, public surrogate country data, specifically, Indian import statistics from GTA. *See* Volume IV of the Petitions at 21–24 and Exhibit IV–17; *see also* First Supplement to Vietnam Petition at 5, 8, and Supplemental Exhibit IV–4. Petitioner excluded from these import statistics values from countries previously determined by the Department to be NME countries, and from Indonesia, the Republic of Korea and Thailand, as the Department has previously excluded prices from these countries because they maintain broadly available, non-industry-specific export subsidies. Finally, imports that were labeled as originating from an ''unspecified'' country were excluded from the average value, because the Department could not be certain that they were not from either an NME country or a country with generally available export subsidies.[4] *See* Volume IV of the Petitions at 20–21.

In addition, Petitioner made Indian Rupee/USD currency conversions using average exchange rates for the POI, based on Federal Reserve exchange rates. *See* Volume IV of the Petitions at 19 and Exhibit IV–15; *see also* First Supplement to the Vietnam Petition at 8 and Supplemental Exhibit IV–4.

Petitioner determined labor costs using the labor consumption rates of the Wind Tower Producer. *See* Volume IV of the Petitions at 24–25 and Exhibit IV–12. Petitioner calculated labor costs using Indian wage data collected by the

[4] *See, e.g., PET Film.*

ILO and disseminated in Chapter 6A of the ILO *Yearbook of Labor Statistics* in 2005, under the industry category ''Manufacture of Machinery and Equipment NEC,'' as this category reflects the nature of work performed to make wind towers and then inflated the value to be contemporaneous with the POI using the Indian consumer price index. *See* Volume IV of the Petitions at 24–25 and Exhibit IV–21; *see also* First Supplement to the Vietnam Petition at 7–8.

Petitioner determined electricity costs using electricity consumption rates, in kilowatt hours, derived from the Wind Tower Producer. *See* Volume IV of the Petitions at 23 and Exhibit IV–12. Consistent with the Department's practice, Petitioner utilized the Indian electricity rate reported by Central Electric Authority of the Government of India to value electricity. *See* Volume IV of the Petitions at 23 and Exhibit IV–18.

Petitioner determined natural gas costs using the natural gas consumption rates derived from the Wind Tower Producer. *See* Volume IV of the Petitions at 24 and Exhibit IV–12. To value natural gas, Petitioner calculated an average natural gas rate relevant to Indian consumers of natural gas. *See* Volume IV of the Petitions at 24. The average was obtained from a schedule of natural gas tariffs collected throughout India, disseminated in a January 2011 report entitled ''Pricing of Natural Gas in India.'' *See* Volume IV of the Petitions at 24; *see also* First Supplement to the Vietnam Petition at 9 and Supplemental Exhibit IV–6.

Petitioner determined stacking frame costs based on the usage depicted in production process pictures on a Vietnamese producer's Web site.[5] *See* Volume IV of the Petitions at 27–28 and Exhibits IV–2, IV–13, and IV–24; *see also* First Supplement to the Vietnam Petition at 6–7; Third Supplement to the Vietnam Petition at 1 and Supplemental Exhibit IV–2. Petitioner valued the stacking frame packing materials using GTA India import statistics. *See* Volume IV of the Petitions at 28 and Exhibit IV–17.

One financial statement was placed on the record for consideration to value factory overhead, SG&A, and profit. Petitioner submitted the 2010–2011 financial statements of an Indian ship producer, ABG Shipyard Limited (''ABG''). *See* Vietnam Initiation Checklist; see also Volume IV of the Petitions at 25–26 and Exhibit IV–22. The Department finds that ABG's financial statements are sufficiently representative to value the surrogate financial ratios for wind towers for purposes of initiation.

The Department determines that the surrogate values used by Petitioner are reasonably available and, thus, acceptable for purposes of initiation. *See* Vietnam Initiation Checklist.

[5] Stacking frames were not considered part of the NV analysis for the PRC because, unlike for Vietnamese producers, there is no information in the Petitions and Supplements to the Petitions that Chinese producers use stacking frames.

Fair Value Comparisons

Based on the data provided by Petitioner, there is reason to believe that imports of wind towers from the PRC and Vietnam are being, or are likely to be, sold in the United States at less than fair value. Based on a comparison of EP and NV calculated in accordance with section 773(c) of the Act, the estimated dumping margin for wind towers from the PRC is 213.54 percent. *See* PRC Initiation Checklist. Based on a comparison of EPs and NV calculated in accordance with section 773(c) of the Act, the estimated dumping margins for wind towers from Vietnam range from 140.54 percent to 143.29 percent. *See* Vietnam Initiation Checklist.

Initiation of Antidumping Investigations

Based upon the examination of the Petitions on wind towers from the PRC and Vietnam, the Department finds that the Petitions meet the requirements of section 732 of the Act. Therefore, we are initiating antidumping duty investigations to determine whether imports of wind towers from the PRC and Vietnam are being, or are likely to be, sold in the United States at less than fair value. In accordance with section 733(b)(1)(A) of the Act and 19 CFR 351.205(b)(1), unless postponed, we will make our preliminary determinations no later than 140 days after the date of these initiations.

Targeted Dumping Allegations

On December 10, 2008, the Department issued an interim final rule for the purpose of withdrawing 19 CFR 351.414(f) and (g), the regulatory provisions governing the targeted dumping analysis in antidumping duty investigations, and the corresponding regulation governing the deadline for targeted dumping allegations, 19 CFR 351.301(d)(5). *See Withdrawal of the Regulatory Provisions Governing Targeted Dumping in Antidumping Duty Investigations,* 73 FR 74930 (December 10, 2008). The Department stated that ''(w)ithdrawal will allow the Department to exercise the discretion intended by the statute and, thereby, develop a practice that will allow interested parties to pursue all statutory avenues of relief in this area.'' *See id.* at 74931.

In order to accomplish this objective, if any interested party wishes to make a targeted dumping allegation in either of these investigations pursuant to section 777A(d)(1)(B) of the Act, such allegations are due no later than 45 days before the scheduled date of the country-specific preliminary determination.

Respondent Selection

For the PRC investigation, the Department will request quantity and value information from known exporters/producers identified with complete contact information in the Petitions and Supplements to the Petitions. *See* Volume I of the Petitions at Exhibit I–14, and First Supplement to the PRC Petition at 1–2 and Supplemental Exhibits II–1 and II–2. The quantity and value data received from NME exporters/producers in the PRC will be used as the basis to select the mandatory respondents.

The Department requires that respondents submit a response to both the quantity and value questionnaire and the separate-rate application by the respective deadlines in order to receive consideration for separate-rate status. *See, e.g., Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Initiation of Antidumping Duty Investigation,* 73 FR 10221, 10225 (February 26, 2008). On the date of the publication of this initiation notice in the **Federal Register**, the Department will post the quantity and value questionnaires, along with the filing instructions, on the Import Administration Web site at *http://ia.ita.doc.gov/ia-highlights-and-news.html,* and a response to the quantity and value questionnaire is due no later than February 8, 2012.

For the Vietnam investigation, Petitioner listed only two known exporters/producers in its Petition. *See* Volume I of the Petitions at Exhibit I–14, and First Supplement to the Vietnam Petition at 1 and Supplemental Exhibit IV–1. Accordingly, the Department will send these two companies the Department's antidumping questionnaires.

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305. Instructions for filing such applications may be found on the Department's Web site at *http://ia.ita.doc.gov/apo.*

Separate Rates

In order to obtain separate-rate status in NME investigations, exporters and producers must submit a separate-rate

status application. *See* Policy Bulletin 05.1: Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries (April 5, 2005) (''Separate Rates and Combination Rates Bulletin''), available on the Department's Web site at *http://ia.ita.doc.gov/policy/bull05–1.pdf.* Based on our experience in processing the separate-rate applications in previous antidumping duty investigations, we have modified the application for these investigations to make it more administrable and easier for applicants to complete. *See, e.g., Initiation of Antidumping Duty Investigation: Certain New Pneumatic Off-the-Road Tires From the People's Republic of China,* 72 FR 43591, 43594–95 (August 6, 2007). The specific requirements for submitting the separate-rate application in these investigations are outlined in detail in the application itself, which will be available on the Department's Web site at *http://ia.ita.doc.gov/ia-highlights-and-news.html* on the date of publication of this initiation notice in the **Federal Register**. The separate-rate application will be due 60 days after publication of this initiation notice. In the PRC investigation, for exporters and producers who submit a separate-rate status application and subsequently are selected as mandatory respondents, these exporters and producers will no longer be eligible for consideration for separate rate status unless they respond to all parts of the questionnaire as mandatory respondents. As noted in the ''Respondent Selection'' section above, the Department requires that respondents submit a response to both the quantity and value questionnaire and the separate-rate application by the respective deadlines in order to receive consideration for separate-rate status. The quantity and value questionnaire will be available on the Department's Web site at *http://ia.ita.doc.gov/ia-highlights-and-news.html* on the date of the publication of this initiation notice in the **Federal Register**. In the Vietnam investigation, the Department will request information regarding separate rate eligibility in the questionnaire being sent to the two known exporters/producers identified in the Petition. If any other Vietnamese exporters/producers wish to file a separate rate application, they must follow the instructions described above and on the Department's Web site. Such applications are due 60 days after publication of this initiation notice.

Use of Combination Rates in an NME Investigation

The Department will calculate combination rates for certain respondents that are eligible for a separate rate in this investigation. The Separate Rates and Combination Rates Bulletin states:

> (w)hile continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non-investigated firms receiving the weighted-average of the individually calculated rates. This practice is referred to as the application of ''combination rates'' because such rates apply to specific combinations of exporters and one or more producers. The cash-deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question *and* produced by a firm that supplied the exporter during the period of investigation.

See Separate Rates and Combination Rates Bulletin at 6 (emphasis added).

Distribution of Copies of the Petitions

In accordance with section 732(b)(3)(A) of the Act and 19 CFR 351.202(f), copies of the public versions of the Petitions have been provided to the representatives of the Governments of the PRC and Vietnam. Because of the large number of producers/exporters identified in the Petitions, the Department considers the service of the public version of the Petitions to the foreign producers/exporters satisfied by the delivery of the public versions of the Petitions to the Governments of the PRC and Vietnam, consistent with 19 CFR 351.203(c)(2).

ITC Notification

We have notified the ITC of our initiations, as required by section 732(d) of the Act.

Preliminary Determinations by the ITC

The ITC will preliminarily determine, no later than February 13, 2012, whether there is a reasonable indication that imports of wind towers from the PRC and Vietnam are materially injuring or threatening material injury to a U.S. industry. A negative ITC determination with respect to any country will result in the investigation being terminated for that country; otherwise, these investigations will proceed according to statutory and regulatory time limits.

Notification to Interested Parties

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305. On January 22, 2008, the Department published *Antidumping and Countervailing Duty Proceedings: Documents Submission Procedures; APO Procedures* (73 FR 3634). Parties wishing to participate in these investigations should ensure that they meet the requirements of these procedures (*e.g.,* the filing of letters of appearance as discussed at 19 CFR 351.103(d)).

Any party submitting factual information in an AD/CVD proceeding must certify to the accuracy and completeness of that information. *See* section 782(b) of the Act. Parties are hereby reminded that revised certification requirements are in effect for company/government officials as well as their representatives in all segments of any AD/CVD proceedings initiated on or after March 14, 2011. *See Certification of Factual Information to Import Administration During Antidumping and Countervailing Duty Proceedings: Interim Final Rule, 76 FR 7491* (February 10, 2011) (*Interim Final Rule*) amending 19 CFR 351.303(g)(1) & (2) and supplemented by *Certification of Factual Information To Import Administration During Antidumping and Countervailing Duty Proceedings: Supplemental Interim Final Rule,* 76 FR 54697 (September 2, 2011). The formats for the revised certifications are provided at the end of the *Interim Final Rule.* The Department intends to reject factual submissions in any proceeding segments initiated on or after March 14, 2011, if the submitting party does not comply with the revised certification requirements.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: January 18, 2012.

Paul Piquado,

Assistant Secretary for Import Administration.

Appendix I—Scope of the Investigations

The merchandise covered by these investigations are certain wind towers, whether or not tapered, and sections thereof. Certain wind towers are designed to support the nacelle and rotor blades in a wind turbine with a minimum rated electrical power generation capacity in excess of 100 kilowatts and with a minimum height of 50 meters measured from the base of the tower to the bottom of the nacelle (*i.e.,* where the top of the tower and nacelle are joined) when fully assembled.

A wind tower section consists of, at a minimum, multiple steel plates rolled into

cylindrical or conical shapes and welded together (or otherwise attached) to form a steel shell, regardless of coating, end-finish, painting, treatment, or method of manufacture, and with or without flanges, doors, or internal or external components (*e.g.,* flooring/decking, ladders, lifts, electrical buss boxes, electrical cabling, conduit, cable harness for nacelle generator, interior lighting, tool and storage lockers) attached to the wind tower section. Several wind tower sections are normally required to form a completed wind tower.

Wind towers and sections thereof are included within the scope whether or not they are joined with nonsubject merchandise, such as nacelles or rotor blades, and whether or not they have internal or external components attached to the subject merchandise.

Specifically excluded from the scope are nacelles and rotor blades, regardless of whether they are attached to the wind tower. Also excluded are any internal or external components which are not attached to the wind towers or sections thereof.

Merchandise covered by these investigations are currently classified in the Harmonized Tariff System of the United States (''HTSUS'') under subheadings 7308.20.0020[6] or 8502.31.0000.[7] Prior to 2011, merchandise covered by these investigations were classified in the HTSUS under subheading 7308.20.0000 and may continue to be to some degree. While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the investigation is dispositive.

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[6] Wind towers are classified under HTSUS 7308.20.0020 when imported as a tower or tower section(s) alone.

[7] Wind towers may also be classified under HTSUS 8502.31.0000 when imported as part of a wind turbine (*i.e.,* accompanying nacelles and/or rotor blades).

DEPARTMENT OF COMMERCE

International Trade Administration

[C–570–982]

Utility Scale Wind Towers From the People's Republic of China: Initiation of Countervailing Duty Investigation

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

DATES: *Effective Date:* January 24, 2012.

FOR FURTHER INFORMATION CONTACT: Kristen Johnson or Patricia Tran, AD/CVD Operations, Office 3, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 482–4793 or (202) 482–1503, respectively.

SUPPLEMENTARY INFORMATION:

The Petition

On December 29, 2011, the Department of Commerce (Department) received a countervailing duty (CVD) petition concerning imports of utility scale wind towers from the People's Republic of China (PRC) filed in proper form by the Wind Tower Trade Coalition (the Petitioner).[1] *See* Petition for the Imposition of Antidumping and Countervailing Duties Against Utility Scale Wind Towers from the People's Republic of China and the Socialist Republic of Vietnam, dated December 29, 2011 (Petition).

On January 5, 2012, the Department issued supplemental questionnaires requesting information and clarification of certain areas of the general issues and CVD sections of the Petition.[2] On January 6, 2012, the Department issued a supplemental questionnaire regarding the scope. Petitioner filed a supplement to the Petition regarding the CVD section on January 9, 2012. Petitioner filed a response to the general issues and scope requests on January 11, 2012 (hereinafter, First Supplemental to the AD/CVD Petitions). Further, the Department issued a request for additional clarification to the scope on January 13, 2012. Petitioner filed a response to this request on January 17, 2012, (hereinafter, Second Supplemental to the AD/CVD Petitions).

In accordance with section 702(b)(1) of the Tariff Act of 1930, as amended (the Act), Petitioner alleges that producers/exporters of utility scale wind towers from the PRC received countervailable subsidies within the meaning of sections 701 and 771(5) of the Act, and that imports from these producers/exporters materially injure, and threaten further material injury to, an industry in the United States.

The Department finds that Petitioner filed the Petition on behalf of the domestic industry because Petitioner is an interested party, as defined in section 771(9)(C) of the Act, and has demonstrated sufficient industry support with respect to the investigation that it requests the Department to initiate. *See* ''Determination of Industry Support for the Petition,'' below.

Period of Investigation

The period of investigation (POI) is January 1, 2011, through December 31, 2011.

Scope of Investigation

The products covered by this investigation are utility scale wind towers from the PRC. For a full description of the scope of the investigation, please *see* the ''Scope of the Investigation,'' in Appendix I of this notice.

Comments on Scope of Investigation

During our review of the Petition, we discussed the scope with Petitioner to ensure that it is an accurate reflection of the products for which the domestic industry is seeking relief. Petitioner submitted revised scope language on January 12, 2012, and January 17, 2012. Among the revisions was the following substantive provision:

> Future utility scale wind tower configurations that meet the minimum height requirement, which may include lattice masts, and are designed to support wind turbine electrical generators greater than 100 kW are also included within this scope.

The Department has not adopted this specific revision recommended by Petitioner for the purposes of initiation.[3] Given the scarcity of information on this product, the Department has had neither the time nor the administrative resources to evaluate this proposed language prior to the initiation date. However, as discussed in the preamble to the Department's regulations, we are setting aside a period for interested parties to raise issues regarding product coverage. *See Antidumping Duties; Countervailing Duties; Final Rule,* 62 FR 27296, 27323 (May 19, 1997). The Department encourages all interested parties to submit such comments by February 7, 2012, 5 p.m. Eastern Standard Time (EST), 20 calendar days from the signature date of this notice. All comments must be filed on the record of the PRC CVD investigation, as well as the records of the PRC and Vietnam antidumping duty investigations. All comments and submissions to the Department must be filed electronically using Import Administration's Antidumping Countervailing Duty Centralized Electronic Service System (IA ACCESS).[4] An electronically filed

[6] Wind towers are classified under HTSUS 7308.20.0020 when imported as a tower or tower section(s) alone.

[7] Wind towers may also be classified under HTSUS 8502.31.0000 when imported as part of a wind turbine (*i.e.,* accompanying nacelles and/or rotor blades).

[1] The following companies compose the Coalition: Broadwind Towers, Inc., DMI Industries, Katana Summit LLC, and Trinity Structural Towers, Inc. *See* Petition at Volume I, Exhibit I–1.

[2] These public documents and all other public documents and public versions generated in the course of this proceeding by the Department and interested parties are available to the public through Import Administration's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS), located in Room 7046 of the main Department building.

[3] The Department has independent authority to determine the scope of its investigations. *See Diversified Products Corp.* v. *United States,* 572 F. Supp. 883, 887 (CIT 1983).

[4] *See http://www.gpo.gov/fdsys/pkg/FR–2011–07–06/pdf/2011–16352.pdf* for details of the

Continued

document must be received successfully in its entirety by the Department's electronic records system, IA ACCESS, by the time and date noted above. Documents excepted from the electronic submission requirements must be filed manually (*i.e.,* in paper form) with the Import Administration's APO/Dockets Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230, and stamped with the date and time of receipt by the deadline noted above.

The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determination.

Consultations

Pursuant to section 702(b)(4)(A)(ii) of the Act, on January 3, 2012, the Department invited representatives of the Government of the PRC (GOC) for consultations with respect to the CVD petition. On January 11, 2012, the Department held consultations with representatives of the GOC via conference call. *See* Memorandum to the File, regarding ''Consultations with Officials of the Government of the People's Republic of China on the Petition for the Imposition of Countervailing Duties on Imports of Utility Scale Wind Towers,'' dated January 18, 2012 (Consultations Memorandum).

Determination of Industry Support for the Petition

Section 702(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 702(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) At least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 702(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) Poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A), or (ii) determine industry support using a statistically valid sampling method to poll the ''industry.''

Section 771(4)(A) of the Act defines the ''industry'' as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether ''the domestic industry'' has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law. *See USEC, Inc.* v. *United States,* 132 F. Supp. 2d 1, 8 (Ct. Int'l Trade 2001), *citing Algoma Steel Corp., Ltd.* v. *United States,* 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), *aff'd* 865 F.2d 240 (Fed. Cir. 1989), *cert. denied* 492 U.S. 919 (1989).

Section 771(10) of the Act defines the domestic like product as ''a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.'' Thus, the reference point from which the domestic like product analysis begins is ''the article subject to an investigation'' (*i.e.,* the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, Petitioner does not offer a definition of domestic like product distinct from the scope of the investigation. Based on our analysis of the information submitted on the record, we have determined that utilty scale wind towers constitutes a single domestic like product and we have analyzed industry support in terms of that domestic like product. For a discussion of the domestic like product analysis in this case, *see* ''Countervailing Duty Investigation Initiation Checklist: Utility Scale Wind Towers from the People's Republic of China'' (CVD Initiation Checklist) at Attachment II, dated concurrently with this notice and on file electronically via IA ACCESS. Access to IA ACCESS is available in the Central Records Unit (CRU), Room 7046 of the main Department of Commerce building.

In determining whether Petitioner has standing under section 702(c)(4)(A) of the Act, we considered the industry support data contained in the Petition with reference to the domestic like product as defined in the ''Scope of the Investigation,'' in Appendix I of this notice. To establish industry support, Petitioner provided its own 2010 production of the domestic like product, and compared this to the estimated total production of the domestic like product for the entire domestic industry. *See* Volume I of the Petitions, at 2–3, and Exhibits I–3 and I–29, and First Supplement to the AD/CVD Petitions, at 5–6, and Supp. Exhibits I–2 and I–3; *see also* CVD Initiation Checklist at Attachment II.

Our review of the data provided in the CVD Petition, supplemental submission, and other information readily available to the Department indicates that Petitioner has established industry support. *See* CVD Initiation Checklist at Attachment II. First, the CVD Petition established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, the Department is not required to take further action in order to evaluate industry support (*e.g.,* polling). *See* section 702(c)(4)(D) of the Act; *see also* CVD Initiation Checklist at Attachment II. Second, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the CVD Petition account for at least 25 percent of the total production of the domestic like product. *See* CVD Initiation Checklist at Attachment II. Finally, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the CVD Petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the CVD Petition. Accordingly, the Department determines that the CVD Petition was filed on behalf of the domestic industry within the meaning of section 702(b)(1) of the Act. *See id.*

The Department finds that Petitioner filed the CVD Petition on behalf of the domestic industry because it is an interested party as defined in sections 771(9)(C) and (E) of the Act and it has

Department's Electronic Filing Requirements, which went into effect on August 5, 2011. Information on help using IAACCESS can be found at *https://iaaccess.trade.gov/help.aspx* and a handbook can be found at *https://iaaccess.trade.gov/help/Handbook%20on%20Electronic%20Filling%20Procedures.pdf.*

demonstrated sufficient industry support with respect to the CVD investigation that it is requesting the Department initiate. *See id.*

Injury Test

Because the PRC is a ''Subsidies Agreement Country'' within the meaning of section 701(b) of the Act, section 701(a)(2) of the Act applies to this investigation. Accordingly, the ITC must determine whether imports of subject merchandise from the PRC materially injure, or threaten material injury to, a U.S. industry.

Allegations and Evidence of Material Injury and Causation

Petitioner alleges that imports of utility scale wind towers from the PRC are benefitting from countervailable subsidies and that such imports are causing, or threatening to cause, material injury to the domestic industry producing utility scale wind towers. In addition, Petitioner alleges that subsidized imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.

Petitioner contends that the industry's injured condition is illustrated by reduced market share, lost sales and revenue, reduced production, reduced shipments, reduced capacity utilization rate, underselling and price depression and suppression, reduced workforce, decline in financial performance, and an increase in import penetration. We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. *See* CVD Initiation Checklist at Attachment III.

Initiation of Countervailing Duty Investigation

Section 702(b)(i) of the Act requires the Department to initiate a CVD proceeding whenever an interested party files a petition on behalf of an industry that: (1) Alleges the elements necessary for an imposition of a duty under section 701(a) of the Act; and (2) is accompanied by information reasonably available to the petitioner(s) supporting the allegations.

The Department has examined the CVD Petition on utility scale wind towers from the PRC and finds that it complies with the requirements of section 702(b) of the Act. Therefore, in accordance with section 702(b) of the Act, we are initiating a CVD investigation to determine whether manufacturers, producers, or exporters of utility scale wind towers in the PRC receive countervailable subsidies. For a discussion of evidence supporting our initiation determination, *see* Initiation Checklist.

We are including in our investigation the following programs alleged in the Petition to have provided countervailable subsidies to producers and exporters of the subject merchandise in the PRC:

A. Grant Programs

1. Export Product Research and Development Fund
2. Subsidies for Development of ''Famous Brands'' and ''China World Top Brands''
3. Sub-Central Government Subsidies for Development of ''Famous Brands'' and ''China World Top Brands''
4. Special Energy Fund of Shandong Province
5. National Defense Science and Technology Industry Grants for the Wind Power Equipment Industry
6. Funds for Outward Expansion of Industries in Guangdong Province
7. Renewable Energy Development Fund
8. Special Fund for Wind Power Manufacturing Grants

B. Government Provision of Goods and Services for Less Than Adequate Remuneration (LTAR)

1. Government Provision of Hot-Rolled Steel for LTAR
2. Government Provision of Aluminum for LTAR
3. Government Provision of Electricity for LTAR

C. Government Provision of Land for LTAR

1. Government Provision of Land-Use Rights to State-Owned Enterpries for LTAR
2. Government Provision of Land-Use Rights by the Hunan Province Government for LTAR

D. Policy Lending to the Renewable Energy Industry

E. Income and Other Direct Tax Exemption and Reduction Programs

1. ''Two Free, Three Half'' Program for Foreign Invested Enterprises (FIEs)
2. Income Tax Reductions for Export-Oriented FIEs
3. Income Tax Benefits for FIEs Based on Geographic Location
4. Local Income Tax Exemption and Reduction Programs for ''Productive'' FIEs
5. Tax Reductions for FIEs Purchasing Chinese-Made Equipment
6. Tax Offsets for Research and Development by FIEs
7. Tax Refunds for Reinvestment of FIE Profits in Export-Oriented Enterprises
8. Preferential Tax Programs for FIEs Recognized as High or New Technology Enterprises
9. City Tax and Surcharge Exemptions for FIEs
10. Tax Reductions for High and New-Technology Enterprises Involved in Designated Projects
11. Preferential Income Tax Policy for Enterprises in the Northeast Region
12. Foregiveness of Tax Arrears for Enterprises Located in the Old Industrial Bases of Northeast China
13. Hunan Province Special Fund for Renewable Energy Development

F. Indirect Tax and Tariff Exemption Programs

1. Value Added Tax (VAT) Exemptions for Use of Imported Equipment
2. VAT Rebates on FIE Purchases of Chinese-Made Equipment
3. VAT and Tariff Exemptions for Purchases of Fixed Assets Under the Foreign Trade Development Fund Program
4. Tax Benefits for Imported Large Power Wind Turbine System Key Components and Raw Materials

G. Export Credit Subsidy Programs

H. Export Guarantees and Insurance for Green Technology

For a description of each of these above-listed programs and a full discussion of the Department's decision to initiate an investigation of these programs, *see* Initiation Checklist.

We are not including in our investigation the following programs alleged to benefit producers/exporters of the subject merchandise in the PRC.

A. Provincial Fund for Fiscal and Technological Innovation
B. Plans for the Development of the Industrial Cluster of Equipment Manufacturing in the Ningxia Region
C. Ride the Wind Program
D. National Debt Wind Power Program
E. Currency Undervaluation

For further information explaining why the Department is not initiating an investigation of the above-listed program, *see* Initiation Checklist.

Respondent Selection

For this investigation, the Department expects to select respondents based on U.S. Customs and Border Protection (CBP) data for U.S. imports during the POI. We intend to release the CBP data under Administrative Protective Order (APO) to all parties with access to information protected by APO shortly after the signature date of this notice. Interested parties may submit comments regarding the CBP data and respondent selection by 5 p.m. EST of the seventh

calendar day of publication of this notice. Comments should be filed electronically using IA ACCESS. An electronically filed document must be received successfully in its entirety by the Department's electronic records system, IA ACCESS, by the time and date noted above. Documents excepted from the electronic submissions requirements must be filed manually (*i.e.,* paper form) with the Import Administration's APO/Dockets Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230, and stamped with the date and time of receipt by the deadline noted above.

We intend to make our decision regarding respondent selection within 20 days of publication of this **Federal Register** notice.

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305(b). Instructions for filing such applications may be found on the Department's Web site at: *http://ia.ita.doc.gov/apo*.

Distribution of Copies of the Petition

In accordance with section 702(b)(4)(A)(i) of the Act and 19 CFR 351.202(f), a copy of the public version of the Petition and amendments thereto have been provided to representatives of the GOC. Because of the particularly large number of producers/exporters identified in the Petition, the Department considers the service of the public version of the Petition to the foreign producers/exporters satisfied by the delivery of the public version to the GOC, consistent with 19 CFR 351.203(c)(2).

ITC Notification

We have notified the ITC of our initiation, as required by section 702(d) of the Act.

Preliminary Determination by the ITC

The ITC will preliminarily determine, within 45 days after the date on which the Petition was filed, whether there is a reasonable indication that imports of subsidized utility scale wind towers from the PRC are causing material injury, or threatening to cause material injury, to a U.S. industry. *See* section 703(a)(2) of the Act. A negative ITC determination will result in the investigation being terminated; otherwise, the investigation will proceed according to statutory and regulatory time limits.

Notification to Interested Parties

Interested parties must submit applications for disclosure under administrative protective orders in accordance with 19 CFR 351.305. On January 22, 2008, the Department published *Antidumping and Countervailing Duty Proceedings: Documents Submission Procedures; APO Procedures,* 73 FR 3634. Parties wishing to participate in this investigation should ensure that they meet the requirements of these procedures (*e.g.,* the filing of letters of appearance as discussed at 19 CFR 351.103(d)).

Any party submitting factual information in an AD or CVD proceeding must certify to the accuracy and completeness of that information. *See* section 782(b) of the Act. Parties are hereby reminded that revised certification requirements are in effect for company/government officials as well as their representatives in all segments of any AD or CVD proceedings initiated on or after March 14, 2011. *See Certification of Factual Information to Import Administration during Antidumping and Countervailing Duty Proceedings: Interim Final Rule,* 76 FR 7491 (February 10, 2011) (*Interim Final Rule*) amending 19 CFR 351.303(g)(1) and (2). The formats for the revised certifications are provided at the end of the *Interim Final Rule.* Foreign governments and their officials may continue to submit certifications in either the format that was in use prior to the effective date of the *Interim Final Rule,* or in the format provided in the *Interim Final Rule. See Certification of Factual Information to Import Administration During Antidumping and Countervailing Duty Proceedings: Supplemental Interim Final Rule,* 76 FR 54697 (September 2, 2011). The Department intends to reject factual submissions in any proceeding segments initiated on or after March 14, 2011, if the submitting party does not comply with the revised certification requirements.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: January 18, 2012.

Paul Piquado,

Assistant Secretary for Import Administration.

Appendix I

Scope of the Investigation

The merchandise covered by the investigation are certain wind towers, whether or not tapered, and sections thereof. Certain wind towers are designed to support the nacelle and rotor blades in a wind turbine with a minimum rated electrical power generation capacity in excess of 100 kilowatts and with a minimum height of 50 meters measured from the base of the tower to the bottom of the nacelle (*i.e.,* where the top of the tower and nacelle are joined) when fully assembled.

A wind tower section consists of, at a minimum, multiple steel plates rolled into cylindrical or conical shapes and welded together (or otherwise attached) to form a steel shell, regardless of coating, end-finish, painting, treatment, or method of manufacture, and with or without flanges, doors, or internal or external components (*e.g.,* flooring/decking, ladders, lifts, electrical buss boxes, electrical cabling, conduit, cable harness for nacelle generator, interior lighting, tool and storage lockers) attached to the wind tower section. Several wind tower sections are normally required to form a completed wind tower.

Wind towers and sections thereof are included within the scope whether or not they are joined with nonsubject merchandise, such as nacelles or rotor blades, and whether or not they have internal or external components attached to the subject merchandise.

Specifically excluded from the scope are nacelles and rotor blades, regardless of whether they are attached to the wind tower. Also excluded are any internal or external components which are not attached to the wind towers or sections thereof.

Merchandise covered by the investigation are currently classified in the Harmonized Tariff System of the United States (HTSUS) under subheadings 7308.20.0020[5] or 8502.31.0000.[6] Prior to 2011, merchandise covered by this investigation was classified in the HTSUS under subheading 7308.20.0000 and may continue to be to some degree. While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the investigation is dispositive.

[FR Doc. 2012–1342 Filed 1–23–12; 8:45 am]

BILLING CODE 3510–DS–P

[5] Wind towers are classified under HTSUS 7308.20.0020 when imported as a tower or tower section(s) alone.

[6] Wind towers may also be classified under HTSUS 8502.31.0000 when imported as part of a wind turbine (*i.e.,* accompanying nacelles and/or rotor blades).

APPENDIX B

CONFERENCE WITNESSES

CALENDAR OF THE PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the following investigations:

UTILITY SCALE WIND TOWERS FROM CHINA AND VIETNAM

Investigation Nos. 701-TA-486 and 731-TA-1195-1196 (Preliminary)

January 19, 2012 - 9:30 a.m.

The conference was held in Courtroom B (Room 111) of the United States International Trade Commission Building, 500 E Street, SW, Washington, DC.

IN SUPPORT OF THE IMPOSITION OF COUNTERVAILING/ANTIDUMPING DUTIES:

Wiley Rein LLP
Washington, D.C.
on behalf of

The Wind Tower Trade Coalition

Michael J. Barczak, Vice President of Sales,
DMI Industries, Inc.

Kerry Cole, President, Trinity Structural Towers, Inc.

Dennis Janda, Director of Engineering, Broadwind
Towers, Inc.

Anthony Reinhardt, Director of Finance & Controller,
DMI Industries, Inc.

Alan H. Price)
Daniel B. Pickard) – OF COUNSEL
Lori Scheetz)

IN OPPOSITION TO THE IMPOSITION OF COUNTERVAILING/ANTIDUMPING DUTIES:

Baker & Hostetler LLP
Washington, D.C.
on behalf of

Siemens Energy, Inc.
Siemens Power Generation

Christopher E. Hauer, Director of Tower Operations, SCM Americas

Anthony R. Christiano, Contracts Manager, Energy Sector, Wind Power Division/Solar & Hydro Division, Siemens Energy, Inc.

Michael Revak, Vice President, Sales and Proposals, Siemens Energy, Inc. Americas

Elliot J. Feldman)
) – OF COUNSEL
Michael S. Snarr)

Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP
Washington, D.C.
on behalf of

CS Wind Tech Co., Ltd.
CS Wind Vietnam Co., Ltd.
Chengxi Shipyard Co., Ltd.
Titan Wind Energy (Suzhou) Co., Ltd.
Shanghai Taisheng Wind Power Equipment Co., Ltd.
China Chamber of Commerce for Import & Export of Machinery & Electronic Products

Max F. Schutzman)
Ned H. Marshak)
) – OF COUNSEL
Jeffrey O. Frank)
Andrew T. Schutz)

APPENDIX C

SUMMARY DATA

Table C-1
Wind towers: Summary data concerning the U.S. market, 2008-10, January-September 2010, and January-September 2011

(Quantity=units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit; period changes=percent, except where noted)

	Reported data					Period changes			
				January-September					Jan.-Sept.
Item	2008	2009	2010	2010	2011	2008-10	2008-09	2009-10	2010-11
U.S. consumption quantity:									
Amount	5,338	3,698	2,858	2,030	2,565	-46.5	-30.7	-22.7	26.4
Producers' share (1)	47.7	55.6	60.5	60.5	60.9	12.8	7.9	4.9	0.3
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
Vietnam	***	***	***	***	***	***	***	***	***
Subtotal	18.6	19.1	15.7	13.8	27.4	-2.9	0.5	-3.4	13.6
All other sources	33.7	25.3	23.8	25.7	11.7	-9.9	-8.3	-1.5	-13.9
Total imports	52.3	44.4	39.5	39.5	39.1	-12.8	-7.9	-4.9	-0.3
U.S. consumption value:									
Amount	1,673,748	1,128,977	903,104	613,887	790,484	-46.0	-32.5	-20.0	28.8
Producers' share (1)	43.6	51.9	57.7	57.1	63.9	14.1	8.3	5.8	6.8
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
Vietnam	***	***	***	***	***	***	***	***	***
Subtotal	19.3	20.0	17.6	16.1	24.5	-1.7	0.7	-2.5	8.4
All other sources	37.1	28.1	24.7	26.8	11.6	-12.4	-9.0	-3.4	-15.3
Total imports	56.4	48.1	42.3	42.9	36.1	-14.1	-8.3	-5.8	-6.8
U.S. imports from:									
China:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Vietnam:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal (subject):									
Quantity	993	705	448	280	703	-54.9	-29.0	-36.5	151.1
Value	323,115	226,230	158,699	98,626	193,775	-50.9	-30.0	-29.9	96.5
Unit value	$325,393	$320,894	$354,239	$352,236	$275,640	8.9	-1.4	10.4	-21.7
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	1,798	937	680	521	301	-62.2	-47.9	-27.4	-42.2
Value	621,037	316,952	223,179	164,699	91,367	-64.1	-49.0	-29.6	-44.5
Unit value	$361,278	$364,313	$328,688	$316,729	$303,545	-9.0	0.8	-9.8	-4.2
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	2,791	1,642	1,128	801	1,004	-59.6	-41.2	-31.3	25.3
Value	944,152	543,182	381,878	263,325	285,142	-59.6	-42.5	-29.7	8.3
Unit value	$348,139	$344,877	$338,845	$329,156	$284,006	-2.7	-0.9	-1.7	-13.7
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity	2,700	3,383	3,923	2,788	3,163	45.3	25.3	16.0	13.5
Production quantity	2,556	2,069	1,751	1,248	1,588	-31.5	-19.1	-15.4	27.2
Capacity utilization (1)	94.7	61.2	44.6	44.8	50.2	-50.0	-33.5	-16.5	5.4
U.S. shipments:									
Quantity	2,547	2,056	1,730	1,229	1,561	-32.1	-19.3	-15.9	27.0
Value	729,596	585,795	521,226	350,562	505,342	-28.6	-19.7	-11.0	44.2
Unit value	$286,453	$284,920	$301,287	$285,242	$323,730	5.2	-0.5	5.7	13.5
Export shipments:									
Quantity	0	0	***	***	0	***	***	***	***
Value	0	0	***	***	0	***	***	***	***
Unit value	(2)	(2)	***	***	(2)	***	***	***	***
Ending inventory quantity	58	71	57	43	84	-1.7	22.4	-19.7	95.3
Inventories/total shipments (1)	2.3	3.5	***	***	4.0	***	1.2	***	***
Production workers	1,874	1,576	1,695	1,636	2,044	-9.6	-15.9	7.6	24.9
Hours worked (1,000s)	3,692	2,962	3,332	2,341	3,235	-9.8	-19.8	12.5	38.2
Wages paid ($1,000s)	104,345	84,951	94,340	62,733	85,939	-9.6	-18.6	11.1	37.0
Hourly wages	$28.26	$28.68	$28.31	$26.80	$26.57	0.2	1.5	-1.3	-0.9
Productivity (units/1,000 hours)	0.7	0.7	0.5	0.5	0.5	-24.1	0.9	-24.8	-7.9
Unit labor costs	$40,824	$41,059	$53,878	$50,267	$54,118	32.0	0.6	31.2	7.7
Net sales:									
Quantity	2,554	2,057	1,755	1,270	1,561	-31.3	-19.5	-14.7	22.9
Value	731,827	586,171	534,292	365,182	515,340	-27.0	-19.9	-8.9	41.1
Unit value	$286,542	$284,964	$304,440	$287,545	$330,135	6.2	-0.6	6.8	14.8
Cost of goods sold (COGS)	641,280	506,066	515,659	364,939	526,021	-19.6	-21.1	1.9	44.1
Gross profit or (loss)	90,547	80,105	18,633	243	(10,681)	-79.4	-11.5	-76.7	(2)
SG&A expenses	36,384	31,934	38,982	28,372	26,624	7.1	-12.2	22.1	-6.2
Operating income or (loss)	54,163	48,171	(20,349)	(28,129)	(37,305)	(2)	-11.1	(2)	-32.6
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	$251,088	$246,021	$293,823	$287,354	$336,977	17.0	-2.0	19.4	17.3
Unit SG&A expenses	$14,246	$15,525	$22,212	$22,340	$17,056	55.9	9.0	43.1	-23.7
Unit operating income or (loss)	$21,207	$23,418	($11,595)	($22,149)	($23,898)	(2)	10.4	(2)	-7.9
COGS/sales (1)	87.6	86.3	96.5	99.9	102.1	8.9	-1.3	10.2	2.1
Operating income or (loss)/ sales (1)	7.4	8.2	-3.8	-7.7	-7.2	-11.2	0.8	-12.0	0.5

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Undefined.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.
Note:--Inventory quantities are given in UNITS.

Source: Compiled from data submitted in response to Commission questionnaires.

APPENDIX D

WIND PROJECTS IN THE UNITED STATES

The number of towers installed in the United States increased from 5,057 in 2008 to 5,664 in 2009, then declined to 2,899 in 2010 (table D-1). In 2011, tower installations increased to 3,461. During 2008–11, tower installations per MW installed declined due to the increase in wind turbine sizes. As of the end of 2011, 8,300 MW was under construction.[1]

Table D-1
Wind towers: Installations of towers and turbines, 2008–11

	2008	2009	2010	2011
Tower installations (number)	5,057	5,664	2,899	3,461
Wind turbine installations (MW)	8,431	9,921	5,207	6,810
Towers/MW installed	0.60	0.57	0.56	0.51
Source: Compiled from table D-3.				

There was a shift in project locations away from Texas during 2008–11 (table D-2). Texas accounted for 33.4 percent of tower installations in 2008, but this declined to 3.9 percent in 2011. The share of installations in Iowa declined from 18.0 percent in 2008 to 8.1 percent in 2011, but it remained the fourth largest market. The states with the most tower installations in 2011were Illinois (11.7 percent), California (10.1 percent), and Minnesota (9.6 percent). The leading states, in terms of projects under construction as of January 2012, were Kansas (1,188.8 MW under construction using 663 turbines), Texas (857.3 MW, 389 turbines), California (847.45 MW, 441 turbines), Oregon (640 MW, 256 turbines), and Illinois (615.4 MW, 389 turbines).[2]

[1] AWEA, *U.S. Wind Industry Fourth Quarter 2011 Market Report*, January 2012, http://www.awea.org/learnabout/industry_stats/upload/4Q-2011-AWEA-Public-Market-Report-2.pdf.

[2] AWEA, "Wind Energy Making New Inroads, Building on Success," News release, January 26, 2012, http://www.awea.org/newsroom/pressreleases/Q4_making_inroads.cfm.

Table D-2
Wind towers: Leading states, installations, 2008–11

	2008	2009	2010	2011	2008	2009	2010	2011
	Towers installed (*number*)				Share of towers installed (*percent*)			
Texas	1687	1399	349	136	33.4	24.7	12.0	3.9
Iowa	910	534	3	282	18.0	9.4	0.1	8.1
Illinois	128	421	282	404	2.5	7.4	9.7	11.7
Minnesota	270	36	218	331	5.3	0.6	7.5	9.6
Indiana	87	529	184	1	1.7	9.3	6.3	0.0
California	61	168	221	349	1.2	3.0	7.6	10.1
Oregon	103	340	129	205	2.0	6.0	4.4	5.9
Washington	156	241	162	157	3.1	4.3	5.6	4.5
Oklahoma	91	153	194	257	1.8	2.7	6.7	7.4
Wyoming	226	275	184	0	4.5	4.9	6.3	0.0
North Dakota	247	297	132	7	4.9	5.2	4.6	0.2
New York	188	345	0	64	3.7	6.1	0.0	1.8
Kansas	222	73	42	111	4.4	1.3	1.4	3.2
South Dakota	59	68	229	50	1.2	1.2	7.9	1.4
Colorado	1	83	35	262	0.0	1.5	1.2	7.6
Other	621	702	535	845	12.3	12.4	18.5	24.4
Total	5057	5664	2899	3461	100.0	100.0	100.0	100.0

Source: Compiled from table D-3.

Table D-3
Wind towers: Turbine installations, 2008–11

State	Project Name	Capacity (*MW*)	Number of Turbines	Turbine Size (*MW*)	Turbine Manufacturer	Announced (*Year*)	Completed (*Year*)
AZ	Kingman	10.0	5	2.0	Gamesa		2011
CA	Alta III	150.0	50	3.0	Vestas	***	2011
CA	Alta IV	102.0	34	3.0	Vestas		2011
CA	Alta V	168.0	56	3.0	Vestas	***	2011
CA	Alta VI (partial)	132.0	44	3.0	Vestas		2011
CA	Alta VIII (partial)	129.0	43	3.0	Vestas		2011
CA	Anheuser-Busch Fairfield	1.5	1	1.5	GE Energy		2011
CA	Inland Empire Utility Agency (IEUA)	1.0	1	1.0	Mitsubishi		2011
CA	Palm Springs	49.5	33	1.5	GE Energy		2011
CA	San Gorgonio Wind Farm (Re-Power)	6.0	2	3.0	Vestas		2011
CA	Shiloh III	102.5	50	2.1	REpower	***	2011
CA	Tehachapi 1.6 Proto- Type	1.6	1	1.6	GE Energy		2011
CA	Vasco Winds	78.2	34	2.3	Siemens		2011
CO	Cedar Creek II (GE)	100.8	63	1.6	GE Energy	***	2011
CO	Cedar Creek II (Nordex)	150.0	60	2.5	Nordex	***	2011
CO	Cedar Point Wind	250.2	139	1.8	Vestas		2011
HI	Kahuku Wind	30.0	12	2.5	Clipper		2011
IA	Elk	42.5	17	2.5	Nordex		2011
IA	Laurel	119.6	52	2.3	Siemens		2011
IA	Little Cedar	1.5	1	1.5	Goldwind		2011
IA	Luther College Wind Turbine	1.6	1	1.6	GE Energy		2011
IA	New London	1.5	1	1.5	VENSYS		2011
IA	Pomeroy	29.9	13	2.3	Siemens		2011
IA	Roeder Farms	1.6	1	1.6	GE Energy		2011
IA	Rolling Hills	443.9	193	2.3	Siemens		2011
IA	Story City Wind	1.5	1	1.5	Goldwind		2011
IA	Traer Wind	1.5	1	1.5	Goldwind		2011
IA	Wind Walkers	1.6	1	1.6	GE Energy		2011
ID	Idaho Wind Partners 1 (11 farms - 2011)	118.5	79	1.5	GE Energy		2011
ID	Power County	45.0	18	2.5	Nordex		2011
ID	Rockland	79.2	44	1.8	Vestas		2011
ID	Sawtooth	22.4	14	1.6	GE Energy		2011
IL	Big Sky Wind Facility	239.4	114	2.1	Suzlon		2011
IL	Brown County Wind	1.5	1	1.5	VENSYS		2011
IL	Pioneer Trail	150.4	94	1.6	GE Energy		2011
IL	Settler's Trail	150.4	94	1.6	GE Energy		2011
IL	Testa Produce	0.8	1	0.8	Aeronautica		2011
IL	White Oak Energy Center	150.0	100	1.5	GE Energy		2011
IN	Tippecanoe Valley School Corporation	0.9	1	0.9	Aeronautica		2011

Table continued on next page.

Table D-3—*Continued*
Wind towers: Turbine installations, 2008–11

KS	Caney River	199.8	111	1.8	Vestas	***	2011
MA	AFCEE MMR Turbines	3.0	2	1.5	GE Energy		2011
MA	Berkshire Wind Power Project	15.0	10	1.5	GE Energy		2011
MA	Charlestown Wind Turbine	1.5	1	1.5	Sinovel		2011
MA	Department of Correction, NCCI Gardner	3.3	2	1.7	Vestas		2011
MA	Ipswich	1.6	1	1.6	GE Energy		2011
MA	Mount Wachusett Community College	3.3	2	1.7	Vestas		2011
MD	Roth Rock	50.0	20	2.5	Nordex	***	2011
ME	Record Hill	50.6	22	2.3	Siemens		2011
ME	Rollins	60.0	40	1.5	GE Energy	***	2011
ME	Spruce Mountain	20.0	10	2.0	Gamesa	***	2011
MI	Gratiot	102.4	64	1.6	GE Energy		2011
MI	Michigan Wind II	90.0	50	1.8	Vestas		2011
MI	Stoney Corners III (Northern Power Systems)	2.3	1	2.3	Northern Power Systems		2011
MI	Stoney Corners III (Repower)	18.3	9	Not available	Repower		2011
MN	Adams	19.8	12	1.7	Alstom	***	2011
MN	Bent Tree	201.3	122	1.7	Vestas	***	2011
MN	Carleton College	1.6	1	1.6	GE Energy		2011
MN	Community Wind North	30.0	12	2.5	Clipper		2011
MN	Danielson Wind	19.8	12	1.7	Alstom	***	2011
MN	Eolos	2.5	1	2.5	Clipper		2011
MN	GL Wind	5.0	2	2.5	Clipper		2011
MN	Lakefield	153.0	102	1.5	GE Energy	***	2011
MN	Lakefield (phase I)	52.5	35	1.5	GE Energy	***	2011
MN	Oak Glen Wind Project	43.2	24	1.8	Vestas		2011
MN	University of Minnesota Morris II - PES	1.7	1	1.7	Vestas		2011
MN	Valley View	10.0	5	2.0	Gamesa		2011
MN	Winona County Wind	1.5	2	0.8	Unison		2011
MO	Lost Creek Ridge Wind Farm (2011)	1.5	1	1.5	GE Energy		2011
ND	Bison Wind 1B (‘11)	21.0	7	3.0	Siemens		2011
NE	Laredo Ridge	81.0	54	1.5	GE Energy		2011
NE	Petersburg	40.5	27	1.5	GE Energy		2011
NE	Springview II Wind Facility	3.0	2	1.5	VENSYS		2011
NM	Macho Springs Wind Farm I	50.4	28	1.8	Vestas	***	2011
NY	Hardscrabble	74.0	37	2.0	Gamesa		2011
NY	Howard	51.3	25	2.1	REpower		2011
NY	Zotos	3.3	2	1.7	Hyundai		2011
OH	Lincoln Electric	2.5	1	2.5	Kenersys		2011
OH	Timber Road II	45.0	25	1.8	Vestas		2011
OH	Timber Road II	54.0	30	1.8	Vestas		2011

Table continued on next page.

Table D-3—*Continued*
Wind towers: Turbine installations, 2008–11

OK	Blue Canyon VI	99.0	55	1.8	Vestas		2011
OK	Crossroads ('11)	195.5	85	83.0	Siemens		2011
OK	Minco II Wind Energy Center	100.8	63	1.6	GE Energy		2011
OK	Taloga	129.6	54	2.4	Mitsubishi	***	2011
OR	Leaning Juniper 2a	90.3	43	2.1	Suzlon		2011
OR	Leaning Juniper 2b	111.0	74	1.5	GE Energy		2011
OR	Lime Wind	3.0	6	0.5	Nordtank (refurbished)		2011
OR	Shepherds Flat ('11 portion)	205.0	82	2.5	GE Energy		2011
PA	Chestnut Flats	38.0	19	2.0	Gamesa		2011
PA	Frey Farm	3.2	2	1.6	GE Energy		2011
SD	Crow Lake (2011)	64.5	43	1.5	GE Energy		2011
SD	Crow Lake (2011) - Community Owned	10.5	7	1.5	GE Energy		2011
TX	Golden Spread Panhandle Wind Ranch	78.2	34	2.3	Siemens	***	2011
TX	Loraine II	49.5	33	1.5	GE Energy		2011
TX	Lubbock Wind Ranch	5.0	2	2.5	Samsung		2011
TX	Ralls Wind Farm	10.0	5	2.0	Sany		2011
TX	Sherbino II	150.0	60	2.5	Clipper		2011
TX	Suzlon Project VII	4.2	2	2.1	Suzlon		2011
UT	Milford II	102.0	68	1.5	GE Energy		2011
VT	Sheffield	40.0	16	2.5	Clipper		2011
WA	Juniper Canyon	151.2	63	2.4	Mitsubishi		2011
WA	Lower Snake River Phase I ('11)	216.2	94	2.3	Siemens		2011
WI	Glacier Hills	162.0	90	1.8	Vestas		2011
WV	Laurel Mountain	97.6	61	1.6	GE Energy		2011
WV	Pinnacle ('11 portion)	36.0	15	2.4	Mitsubishi		2011
AZ	Dry Lake II	65.1	31	2.1	Suzlon	***	2010
CA	Alta (Vestas) II	150.0	50	3.0	Vestas	***	2010
CA	Alta I	150.0	100	1.5	GE Energy	***	2010
CA	Hatchet Ridge Wind	101.2	44	2.3	Siemens	***	2010
CA	Montezuma	36.8	16	2.3	Siemens		2010
CA	Pine Tree extension	15.0	10	1.5	GE Energy		2010
CA	Teichert Aggregates	1.5	1	1.5	GE Energy		2010
CO	Kit Carson Project	51.0	34	1.5	GE Energy		2010
CO	Pueblo Towers	1.8	1	1.8	Vestas		2010
DE	University of Delaware	2.0	1	2.0	Gamesa		2010
IA	Bulldog	1.5	1	1.5	GE Energy		2010
IA	Wolverine	1.5	1	1.5	GE Energy		2010
IA	Zachary Ridge	2.0	1	2.0	Gamesa		2010
ID	Goshen North	124.5	83	1.5	GE Energy	***	2010
ID	Oregon Trail - 11 wind farms	64.5	43	1.5	GE Energy		2010
ID	Tuana Springs	16.8	8	2.1	Suzlon		2010

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Table D-3—*Continued*
Wind towers: Turbine installations, 2008–11

IL	Cayuga Ridge	300.0	150	2.0	Gamesa		2010
IL	Top Crop II (3Q10)	183.0	122	1.5	GE Energy		2010
IL	Top Crop II (4Q10)	15.0	10	1.5	GE Energy		2010
IN	Meadow Lake II 2Q10	91.5	61	1.5	Acciona		2010
IN	Meadow Lake II 3Q10	7.5	5	1.5	Acciona		2010
IN	Meadow Lake III	103.5	69	1.5	GE Energy		2010
IN	Meadow Lake IV (3Q10)	92.4	44	2.1	Suzlon		2010
IN	Meadow Lake IV (4Q10)	6.3	3	2.1	Suzlon		2010
IN	Randolph Eastern School Corp.	1.0	1	1.0	Nordic		2010
IN	The City of Union City	1.0	1	1.0	Nordic		2010
KS	Greensburg	12.5	10	1.3	Suzlon	***	2010
KS	Spearville II	48.0	32	1.5	GE Energy		2010
MA	Berkshire East Ski Area	0.9	1	0.9	PowerWind		2010
MA	Falmouth	1.7	1	1.7	Vestas		2010
MA	Notus Falmouth	1.7	1	1.7	Vestas		2010
MD	Criterion	70.0	28	2.5	Clipper	***	2010
ME	Kibby Mountain, phase II	66.0	22	3.0	Vestas	***	2010
ME	Stetson Wind expansion	25.5	17	1.5	GE Energy		2010
MI	Stoney Corners II (Northern Power Systems)	2.2	1	2.2	Northern Power Systems		2010
MI	Stoney Corners II (Repower)	18.5	9	2.1	REpower		2010
MN	Elm Creek II	148.8	62	2.4	Mitsubishi		2010
MN	Grant County	20.0	10	2.0	Suzlon		2010
MN	Nobles	201.0	134	1.5	GE Energy	***	2010
MN	Ridgewind	25.3	11	2.3	Siemens		2010
MN	Woodstock Municipal Wind	0.8	1	0.8	EWT Americas		2010
MO	Lost Creek Ridge Wind Farm	148.5	99	1.5	GE Energy		2010
MT	Diamond Willow extension	10.5	7	1.5	GE Energy	***	2010
ND	Ashtabula III	62.4	39	1.6	GE Energy		2010
ND	Baldwin	102.4	64	1.6	GE Energy	***	2010
ND	Bison Wind 1A	36.8	16	2.3	Siemens	***	2010
ND	Cedar Hills	19.5	13	1.5	GE Energy	***	2010
NE	Flat Water	60.0	40	1.5	GE Energy	***	2010
NM	Red Mesa	102.4	64	1.6	GE Energy		2010
OH	Conneaut Middle School	0.6	1	0.6	Elecon		2010
OH	Conneaut Waste Water Treatment	0.4	1	0.4	not available		2010
OH	Sandusky Waste Water Treatment	0.6	1	0.6	Elecon		2010
OH	Sandusky Water Filtration	0.4	1	0.4	not available		2010
OK	Elk City II (1.5)	72.0	48	1.5	GE Energy		2010
OK	Elk City II (1.6)	28.8	18	1.6	GE Energy		2010
OK	Keenan II	151.8	66	2.3	Siemens		2010
OK	Minco Wind	99.2	62	1.6	GE Energy	***	2010

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Table D-3—*Continued*
Wind towers: Turbine installations, 2008–11

OR	Biglow Canyon phase III	174.8	76	2.3	Siemens		2010
OR	Patu Wind Farm	9.0	6	1.5	GE Energy		2010
OR	Star Point	98.7	47	2.1	Suzlon		2010
SD	Buffalo Ridge II	210.0	105	2.0	Gamesa		2010
SD	Crow Lake (2010)	87.0	58	1.5	GE Energy		2010
SD	Day County Wind Project	99.0	66	1.5	GE Energy	***	2010
TX	Cedro Hill	150.0	100	1.5	GE Energy		2010
TX	DeWind Little Pringle # 1	10.0	5	2.0	DeWind		2010
TX	DeWind Little Pringle # 2	10.0	5	2.0	DeWind		2010
TX	Loraine	100.5	67	1.5	GE Energy		2010
TX	Lubbock Wind Ranch	2.5	1	2.5	Samsung		2010
TX	Papalote Creek II	200.1	87	2.3	Siemens		2010
TX	Penescal II	201.6	84	2.4	Mitsubishi	***	2010
WA	Big Horn 2	50.0	25	2.0	Gamesa		2010
WA	Coastal Energy	6.0	4	1.5	GE Energy		2010
WA	Kititas Valley	100.8	48	2.1	Suzlon		2010
WA	Linden	50.0	25	2.0	REpower		2010
WA	Vantage Point	90.0	60	1.5	GE Energy		2010
WI	Shirley	20.0	8	2.5	Nordex		2010
WV	Beech Ridge (Q2)	84.0	56	1.5	GE Energy	***	2010
WV	Beech Ridge (Q3)	16.5	11	1.5	GE Energy	***	2010
WY	Dunlap	111.0	74	1.5	GE Energy	***	2010
WY	Top of the World (GE)	99.0	66	1.5	GE Energy	***	2010
WY	Top of the World (Siemens)	101.2	44	2.3	Siemens	***	2010
AK	Kodiak Island Wind Project	4.5	3	1.5	GE Energy		2009
AZ	Dry Lake	63.0	30	2.1	Suzlon	***	2009
CA	Garnet Wind Project	6.5	13	0.5	not available		2009
CA	Pine Tree Wind Farm	120.0	80	1.5	GE Energy	***	2009
CA	Shiloh II	150.0	75	2.0	REpower	***	2009
CO	Northeastern Colorado Wind Energy Center	151.8	66	2.3	Siemens	***	2009
CO	Northeastern Colorado Wind Energy Center	22.5	15	1.5	GE Energy		2009
CO	NREL research	1.5	1	1.5	GE Energy		2009
CO	NREL research	2.3	1	2.3	Siemens		2009
IA	Barton	160.0	80	2.0	Gamesa		2009
IA	Crane Creek	99.0	66	1.5	GE Energy	***	2009
IA	Crystal Lake - Clipper (09)	10.0	4	2.5	Clipper		2009
IA	Crystal Lake II	66.0	44	1.5	GE Energy		2009
IA	Iowa Lakes Lakota Wind	10.5	7	1.5	GE Energy		2009
IA	Iowa Lakes Superior Wind	10.5	7	1.5	GE Energy		2009
IA	Lost Lakes Wind Farm	100.7	61	1.7	Vestas		2009
IA	Osage Utilities	1.5	1	1.5	GE Energy		2009
IA	Pioneer Prairie II (09)	71.0	43	1.7	Vestas		2009
IA	Story II	150.0	100	1.5	GE Energy		2009
IA	Whispering Willow I	199.7	121	1.7	Vestas	***	2009
ID	Cassia	29.4	14	2.1	Suzlon		2009
ID	Mountain Home	42.0	20	2.1	Suzlon		2009

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Table D-3—*Continued*
Wind towers: Turbine installations, 2008–11

IL	Blackstone (Top Crop)	102.0	68	1.5	GE Energy		2009
IL	EcoGrove	100.5	67	1.5	Acciona	***	2009
IL	Grand Ridge II	51.0	34	1.5	GE Energy		2009
IL	Grand Ridge III/IV	60.0	40	1.5	GE Energy		2009
IL	Lee/DeKalb	217.5	145	1.5	GE Energy	***	2009
IL	Rail Splitter	100.5	67	1.5	GE Energy	***	2009
IN	Fowler Ridge II	199.5	133	1.5	GE Energy	***	2009
IN	Fowler Ridge Wind Farm Phase I (Clipper)	100.0	40	2.5	Clipper		2009
IN	Fowler Ridge Wind Farm Phase I (Vestas)	300.3	182	1.7	Vestas	***	2009
IN	Hoosier	106.0	53	2.0	REpower	***	2009
IN	Meadow Lake	199.7	121	1.7	Vestas		2009
KS	Central Plains	99.0	33	3.0	Vestas	***	2009
KS	Flat Ridge I Wind Farm	100.0	40	2.5	Clipper	***	2009
MA	Air Force Center for Engineering	1.5	1	1.5	not available		2009
MA	Bartlett's Ocean Wind Farm	0.3	1	0.3	not available		2009
MA	Falmouth Wastwater	1.7	1	1.7	not available		2009
MA	Mark Richey Woodworking	0.6	1	0.6	not available		2009
MA	Mount Wachusetts wind farm	3.0	2	1.5	Fuhrlander		2009
MA	MWRA Deer Island	1.2	2	0.6	not available		2009
MA	Williams Stone	0.6	1	0.6	not available		2009
ME	Fox Islands	4.5	3	1.5	GE Energy		2009
ME	Kibby Mountain, phase I	66.0	22	3.0	Vestas	***	2009
ME	Presque Isle	0.6	1	0.6	not available		2009
ME	Stetson Wind (Evergreen)	57.0	38	1.5	GE Energy	***	2009
MI	Stoney Corners - REpower	14.0	7	2.0	REpower		2009
MN	Hilltop	2.0	1	2.0	not available		2009
MN	Moraine II	49.5	33	1.5	GE Energy		2009
MN	Willmar	4.0	2	2.0	DeWind		2009
MO	Farmers City	146.0	73	2.0	Gamesa		2009
MT	Glacier Wind II	103.5	69	1.5	Acciona	***	2009
ND	Ashtabula II (3Q)	52.5	35	1.5	GE Energy		2009
ND	Ashtabula II (4Q)	67.5	45	1.5	GE Energy		2009
ND	Luverne	49.5	33	1.5	GE Energy	***	2009
ND	Prairie Winds ND1	115.5	77	1.5	GE Energy	***	2009
ND	PrairieWinds Minot Wind 2	4.5	3	1.5	GE Energy		2009
ND	Rugby	149.1	71	2.1	Suzlon	***	2009
ND	Wilton Wind Energy Center II	49.5	33	1.5	GE Energy		2009
NE	Elkhorn Ridge	81.0	27	3.0	Vestas		2009
NM	High Lonesome	100.0	40	2.5	Clipper		2009
NY	Dutch Hill/Cohocton (Canadaigua)	125.0	50	2.5	Clipper	***	2009
NY	High Sheldon	112.5	75	1.5	GE Energy		2009

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Table D-3—*Continued*
Wind towers: Turbine installations, 2008–11

NY	Noble Altona Windpark	97.5	65	1.5	GE Energy	***	2009
NY	Noble Chateaugay Windpark	106.5	71	1.5	GE Energy	***	2009
NY	Noble Wethersfield Windpark	126.0	84	1.5	GE Energy	***	2009
OK	Blue Canyon V	34.5	23	1.5	GE Energy		2009
OK	Blue Canyon V Q4	64.5	43	1.5	GE Energy		2009
OK	Elk City	98.9	43	2.3	Siemens		2009
OK	OU Spirit	101.2	44	2.3	Siemens	***	2009
OR	Biglow Canyon phase II	149.5	65	2.3	Siemens		2009
OR	Echo 1-7	44.6	27	1.7	Vestas		2009
OR	Echo 8-9	20.0	10	2.0	REpower		2009
OR	Hay Canyon	100.8	48	2.1	Suzlon		2009
OR	Pebble Springs	98.7	47	2.1	Suzlon	***	2009
OR	Threemile Canyon	9.9	6	1.7	Vestas	***	2009
OR	Vancycle II	98.9	43	2.3	Siemens	***	2009
OR	Wheatfield	96.6	46	2.1	Suzlon		2009
OR	Willow Creek	72.0	48	1.5	GE Energy		2009
PA	Armenia Mountain	100.5	67	1.5	GE Energy	***	2009
PA	Highland Wind Project	62.5	25	2.5	Nordex	***	2009
PA	Locust Ridge II	102.0	51	2.0	Gamesa		2009
PA	North Allegheny	70.0	35	2.0	Gamesa		2009
PA	Stony Creek	52.5	35	1.5	GE Energy	***	2009
SD	Buffalo Ridge	50.4	24	2.1	Suzlon		2009
SD	Titan I	25.0	10	2.5	Clipper	***	2009
SD	Wessington Springs	51.0	34	1.5	GE Energy	***	2009
TX	Barton Chapel	120.0	60	2.0	Gamesa		2009
TX	Goat Phase II	69.6	29	2.4	Mitsubishi		2009
TX	Gulf Wind	283.2	118	2.4	Mitsubishi	***	2009
TX	Inadale Wind Farm	197.0	197	1.0	Mitsubishi		2009
TX	JD Wind 11	10.0	8	1.3	Suzlon		2009
TX	JD Wind 7	10.0	8	1.3	Suzlon		2009
TX	JD Wind 8	10.0	8	1.3	Suzlon		2009
TX	Langford	150.0	100	1.5	GE Energy		2009
TX	Majestic	79.5	53	1.5	GE Energy	***	2009
TX	Noble Great Plains Windpark	114.0	76	1.5	GE Energy	***	2009
TX	Notrees 1A (Vestas)	90.8	55	1.7	Vestas		2009
TX	Notrees 1B (GE Energy)	60.0	40	1.5	GE Energy		2009
TX	Notrees 1C (Vestas)	1.9	1	1.9	Vestas		2009
TX	Panther Creek II	115.5	77	1.5	GE Energy	***	2009
TX	Panther Creek III	199.5	133	1.5	GE Energy	***	2009
TX	Papalote Creek	179.9	109	1.7	Vestas	***	2009
TX	Penescal	201.6	84	2.4	Mitsubishi	***	2009
TX	Pyron Wind Farm	249.0	166	1.5	GE Energy	***	2009
TX	South Trent Mesa	101.2	44	2.3	Siemens		2009
TX	Sunray I	10.5	7	1.5	GE Energy		2009
TX	Sunray II	39.0	26	1.5	GE Energy		2009

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Table D-3—*Continued*
Wind towers: Turbine installations, 2008–11

UT	Milford Wind Corridor, Phase I (Clipper)	145.0	58	2.5	Clipper	***	2009
UT	Milford Wind Corridor, Phase I (GE Energy)	58.5	39	1.5	GE Energy	***	2009
WA	Harvest Wind Farm	98.9	43	2.3	Siemens		2009
WA	Wild Horse II	44.0	22	2.0	Vestas	***	2009
WA	Windy Point I - REpower (09)	40.0	20	2.0	REpower		2009
WA	Windy Point I - Siemens	96.6	42	2.3	Siemens		2009
WA	Windy Point II	29.9	13	2.3	Siemens		2009
WA	Windy Point II (09)	172.5	75	2.3	Siemens		2009
WA	Windy Point IIa - Windy Flats Extention	59.8	26	2.3	Siemens	***	2009
WI	Butler Ridge	54.0	36	1.5	GE Energy	***	2009
WY	Airforce	2.0	1	2.0	Gamesa		2009
WY	Campbell Hill	99.0	66	1.5	GE Energy		2009
WY	Casper Wind Farm	16.5	11	1.5	GE Energy	***	2009
WY	Glenrock III	39.0	26	1.5	GE Energy		2009
WY	High Plains	99.0	66	1.5	GE Energy		2009
WY	McFadden Ridge	28.5	19	1.5	GE Energy		2009
WY	Rolling Hills	99.0	66	1.5	GE Energy		2009
WY	Silver Sage	42.0	20	2.1	Suzlon		2009
AK	Tin City Long Range Radar Station	0.2	1	0.2	Vestas		2008
CA	Alite Wind Farm	24.0	8	3.0	Vestas		2008
CA	Dillon	45.0	45	1.0	Mitsubishi		2008
CA	Edom Hills (repower)	20.0	8	2.5	Clipper	***	2008
CO	Wray School District	0.9	1	0.9	AWE		2008
IA	Adair	174.8	76	2.3	Siemens	***	2008
IA	Carroll	150.0	100	1.5	GE Energy		2008
IA	Century expansion (08)	12.0	8	1.5	GE Energy		2008
IA	Charles City	57.0	38	1.5	GE Energy		2008
IA	Charles City (2Q08)	18.0	12	1.5	GE Energy		2008
IA	Crystal Lake - Clipper	190.0	76	2.5	Clipper		2008
IA	Crystal Lake - GE Energy	150.0	100	1.5	GE Energy	***	2008
IA	Endeavor (2Q08)	62.5	25	2.5	Clipper		2008
IA	Endeavor (3Q08)	12.5	5	2.5	Clipper		2008
IA	Endeavor II	50.0	20	2.5	Clipper		2008
IA	Pioneer Prairie I	191.4	116	1.7	Vestas		2008
IA	Pioneer Prairie I (3Q08)	6.6	4	1.7	Vestas		2008
IA	Pioneer Prairie II	31.4	19	1.7	Vestas		2008
IA	Pomeroy II (08)	1.5	1	1.5	GE Energy		2008
IA	Pomeroy III	58.5	39	1.5	GE Energy	***	2008
IA	Story County	150.0	100	1.5	GE Energy		2008
IA	Top of Iowa II	80.0	40	2.0	Gamesa		2008
IA	Top of Iowa III	29.7	18	1.7	Vestas		2008
IA	Walnut Wind Project	153.0	102	1.5	GE Energy	***	2008
IA	Wind Vision	0.9	1	0.9	AWE		2008
IA	Winnebago I	20.0	10	2.0	Gamesa		2008

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Table D-3—*Continued*
Wind towers: Turbine installations, 2008–11

IL	Agriwind	8.4	4	2.1	Suzlon		2008
IL	Grand Ridge	99.0	66	1.5	GE Energy		2008
IL	Providence Heights	72.0	36	2.0	Gamesa		2008
IL	Twin Groves II (1Q08)	36.3	22	1.7	Vestas		2008
IN	Goodland I	130.5	87	1.5	GE Energy		2008
KS	Meridian Way I	105.0	35	3.0	Vestas		2008
KS	Meridian Way II	96.0	32	3.0	Vestas		2008
KS	Smoky Hills	100.8	56	1.8	Vestas		2008
KS	Smoky Hills II	148.5	99	1.5	GE Energy		2008
MA	Forbes Park	0.6	1	0.6	not available		2008
ME	Patriot	4.5	3	1.5	GE Energy		2008
MI	Harvest Wind Project	52.8	32	1.7	Vestas	***	2008
MI	Michigan Wind I	69.0	46	1.5	GE Energy	***	2008
MI	Stoney Corners	5.0	2	2.5	Fuhrlander		2008
MN	Cisco	8.0	4	2.0	Suzlon		2008
MN	Corn Plus	4.2	2	2.1	Suzlon	***	2008
MN	Elm Creek	99.0	66	1.5	GE Energy		2008
MN	Ewington	20.0	10	2.0	Suzlon		2008
MN	Federated	2.1	1	2.1	Suzlon		2008
MN	Grand Meadow	100.5	67	1.5	GE Energy		2008
MN	Hilltop Power	2.0	1	2.0	DeWind		2008
MN	Jeffers	50.0	20	2.5	Clipper		2008
MN	Marshall	18.9	9	2.1	Suzlon		2008
MN	Nobles	2.1	1	2.1	Suzlon		2008
MN	Odin	20.0	10	2.0	Suzlon		2008
MN	Prairie Star (08)	1.7	1	1.7	Vestas		2008
MN	St. Olaf College	1.7	1	1.7	not available		2008
MN	Taconite Ridge Energy Center	25.0	10	2.5	Clipper		2008
MN	Wapsipinicon Wind	100.5	67	1.5	GE Energy		2008
MO	Conception Wind Project	50.4	24	2.1	Suzlon		2008
MO	Cow Branch Wind Project	50.4	24	2.1	Suzlon	***	2008
MO	Loess Hills Wind Project	5.0	4	1.3	Suzlon		2008
MT	Diamond Willow Wind (08)	18.0	12	1.5	GE Energy		2008
MT	Glacier I	106.5	71	1.5	Acciona		2008
ND	Ashtabula Wind Center - NextEra Energy Resources	148.5	99	1.5	GE Energy	***	2008
ND	Ashtabula Wind Center - Otter Tail	48.0	32	1.5	GE Energy	***	2008
ND	Langdon - OTP	40.5	27	1.5	GE Energy		2008
ND	Langdon II	40.5	27	1.5	GE Energy		2008
ND	Tatanka	91.5	61	1.5	Acciona		2008
ND	Turtle Mountain College	0.7	1	0.7	Vestas		2008
NH	Lempster	24.0	12	2.0	Gamesa	***	2008
NM	Mesalands	1.5	1	1.5	GE Energy		2008

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Table D-3—*Continued*
Wind towers: Turbine installations, 2008–11

NY	Noble Bliss	100.5	67	1.5	GE Energy	***	2008
NY	Noble Clinton	100.5	67	1.5	GE Energy	***	2008
NY	Noble Ellenburg	81.0	54	1.5	GE Energy	***	2008
OK	Buffalo Bear	18.9	9	2.1	Suzlon		2008
OK	Red Hills	123.0	82	1.5	Acciona	***	2008
OR	Elkhorn Valley (08)	3.3	2	1.7	Vestas		2008
OR	Klondike III (08)	2.4	1	2.4	Mitsubishi		2008
OR	Klondike IIIA	76.5	51	1.5	GE Energy		2008
OR	Rattlesnake Road	102.9	49	2.1	Suzlon		2008
PA	Forward	29.4	14	2.1	Suzlon		2008
PA	Lookout	37.8	18	2.1	Suzlon		2008
SD	Tatanka	88.5	59	1.5	Acciona		2008
TX	Buffalo Gap 3	170.2	74	2.3	Siemens	***	2008
TX	Bull Creek	180.0	180	1.0	Mitsubishi	***	2008
TX	Camp Springs II (08)	88.5	59	1.5	GE Energy		2008
TX	Capricorn Ridge expansion	142.5	95	1.5	GE Energy		2008
TX	Capricorn Ridge expansion (2Q08)	156.0	104	1.5	GE Energy	***	2008
TX	Champion	126.5	55	2.3	Siemens		2008
TX	Elbow Creek Wind Farm	121.9	53	2.3	Siemens		2008
TX	Goat Phase I	80.0	80	1.0	Mitsubishi		2008
TX	Hackberry	165.6	72	2.3	Siemens	***	2008
TX	JD Wind 10	10.0	8	1.3	Suzlon		2008
TX	JD Wind 4	79.8	38	2.1	Suzlon		2008
TX	JD Wind 9	10.0	8	1.3	Suzlon		2008
TX	Lone Star II (1Q08)	104.0	52	2.0	Gamesa		2008
TX	Lone Star II (2Q08)	52.0	26	2.0	Gamesa		2008
TX	McAdoo	150.0	100	1.5	GE Energy		2008
TX	Ocotillo	58.8	28	2.1	Suzlon	***	2008
TX	Panther Creek I	142.5	95	1.5	GE Energy	***	2008
TX	Roscoe	209.0	209	1.0	Mitsubishi	***	2008
TX	Sherbino I	150.0	50	3.0	Vestas		2008
TX	Silver Star	60.0	24	2.5	Clipper		2008
TX	Stanton Energy Center	120.0	80	1.5	GE Energy	***	2008
TX	Texas State Technical College	2.0	1	2.0	DeWind		2008
TX	Turkey Track	169.5	113	1.5	GE Energy		2008
TX	Wege Wind Farm	10.0	8	1.3	Suzlon		2008
TX	Wolf Ridge	112.5	75	1.5	GE Energy	***	2008
UT	Spanish Fork	18.9	9	2.1	Suzlon	***	2008
WA	Goodnoe Hills	94.0	47	2.0	REpower	***	2008
WA	Hopkins Ridge II	7.2	4	1.8	Vestas		2008
WA	Marengo II	70.2	39	1.8	Vestas		2008
WA	Nine Canyon III	32.2	14	2.3	Siemens	***	2008
WA	Willow Creek	72.0	48	1.5	GE Energy		2008
WA	Windy Point	8.0	4	2.0	REpower		2008
WI	Blue Sky - Green Field	145.2	88	1.7	Vestas	***	2008
WI	Cedar Ridge Wind Farm	67.7	41	1.7	Vestas	***	2008

Table continued on next page.

Table D-3—*Continued*
Wind towers: Turbine installations, 2008–11

WI	Forward Wind Project (1Q08)	99.0	66	1.5	GE Energy	***	2008
WI	Forward Wind Project (2Q08)	30.0	20	1.5	GE Energy	***	2008
WV	NedPower Mount Storm, Phase I	164.0	82	2.0	Gamesa	***	2008
WV	NedPower Mount Storm, Phase II	100.0	50	2.0	Gamesa		2008
WY	Glenrock	99.0	66	1.5	GE Energy	***	2008
WY	Happy Jack	29.4	14	2.1	Suzlon		2008
WY	Mountain Wind I	60.9	29	2.1	Suzlon	***	2008
WY	Mountain Wind II	79.8	38	2.1	Suzlon	***	2008
WY	Seven Mile Hill I & II	118.5	79	1.5	GE Energy		2008

Notes.--Based on end of year reports and may not include any subsequent revisions or corrections. Fourth quarter 2008 number of turbines calculated by dividing project size by rating of turbines installed. The Dutch Hill wind project is included in both the 2008 and 2009 AWEA market reports. It is included here in 2009 data only. Does not include turbines with a capacity of 0.1 MW or less.

Source: Petition, exh. I-28; AWEA Web site, http://archive.awea.org/Projects/ProjectsNew.ASPx?s=Michigan (accessed January 30, 2012); AWEA, *U.S. Wind Industry First Quarter 2011 Market Report*, April 2011; AWEA, *U.S. Wind Industry Year-End 2010 Market Report*, January 2011; AWEA, *Third Quarter 2010 Market Report*, October 2010; AWEA, *AWEA Year End 2009 Market Report*, January 2010; AWEA, *Annual Wind Industry Report Year Ending 2008*, January 2009; AWEA, *3rd Quarter 2008 Market Report*, October 2008; AWEA, *U.S. Wind Industry Fourth Quarter 2011 Market Report*, January 2012; All AWEA market reports available at http://www.awea.org/learnabout/publications/reports/AWEA-US-Wind-Industry-Market-Reports.cfm.