



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

EFFECTIVE DATE: [Insert date of publication in the Federal Register.]

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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

¹The 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).

comments by February 7, 2012, 5:00 PM 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.

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%20Filing%20Procedures.pdf>.

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 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: Ferrovandium 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 the Petitions at 10. Petitioner calculated labor costs using South

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”).

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 ILO and disseminated in Chapter 6A of the ILO Yearbook of Labor Statistics in 2005, under the industry category "Manufacture of

⁴ See, e.g., PET Film.

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 website.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

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.

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.

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 website 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 website 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 website 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 website. 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.

Paul Piquado
Assistant Secretary
for Import Administration

____January 18, 2012____
Date

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 7308.20.00206 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

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).

provided for convenience and customs purposes, the written description of the scope of the investigation is dispositive.

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