DEPARTMENT OF COMMERCE

International Trade Administration

[C-533-898, C-557-822]

Utility Scale Wind Towers from India and Malaysia: Initiation of Countervailing Duty Investigations

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.


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SUPPLEMENTARY INFORMATION:

The Petitions

On September 30, 2020, the U.S. Department of Commerce (Commerce) received countervailing duty (CVD) petitions concerning imports of utility scale wind towers (wind towers) from India and Malaysia, filed in proper form on behalf of the Wind Tower Trade Coalition (the petitioner), the members of which are domestic producers of wind towers.\(^1\) The Petitions were accompanied by antidumping duty (AD) petitions concerning imports of wind towers from India, Malaysia and Spain.\(^2\)

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\(^1\) See Petitioner’s Letter, “Petitions for the Imposition of Antidumping and Countervailing Duties: Utility Scale Wind Towers from India, Malaysia, and Spain,” dated September 30, 2020 (the Petitions). The members of the Wind Tower Trade Coalition are Arcosa Wind Towers Inc. and Broadwind Towers, Inc.

\(^2\) Id.
On October 5 and October 6, 2020, Commerce requested supplemental information pertaining to certain aspects of the Petitions. The petitioner filed responses to these requests on October 7 and October 9, 2020.

On October 7, 2020, Commerce extended the initiation deadline by 20 days to poll the domestic industry in accordance with section 702(c)(4)(D) of the Tariff Act of 1930, as amended (the Act), because the Petitions as filed had “not established that the domestic producers or workers accounting for more than 50 percent of total production support the Petitions.”

In accordance with section 702(b)(1) of the Act, the petitioner alleges that the Government of India (GOI) and the Government of Malaysia (GOM) are providing countervailable subsidies, within the meaning of sections 701 and 771(5) of the Act, to producers of wind towers in India and Malaysia, and that imports of such products are materially injuring, or threatening material injury to, the domestic industry producing wind towers in the United States. Consistent with section 702(b)(1) of the Act and 19 CFR 351.202(b), for those alleged programs on which we are initiating CVD investigations, the Petitions were accompanied by information reasonably available to the petitioner supporting its allegations.

Commerce finds that the petitioner filed the Petitions on behalf of the domestic industry, because the petitioner is an interested party, as defined in sections 771(9)(C) and (E) of the Act.

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Commerce also finds that the petitioner demonstrated sufficient industry support for the initiation of the requested CVD investigations.6

Periods of Investigation

Because the Petitions were filed on September 30, 2020, the period of investigation (POI) for these CVD investigations is January 1, 2019 through December 31, 2019, pursuant to 19 CFR 351.204(b)(2).

Scope of the Investigations

The products covered by these investigations are wind towers from India and Malaysia. For a full description of the scope of these investigations, see the appendix to this notice.

Comments on Scope of the Investigations

As discussed in the Preamble to Commerce’s regulations, we are setting aside a period for interested parties to raise issues regarding product coverage (i.e., scope).7 Commerce will consider all comments received from interested parties and, if necessary, will consult with interested parties prior to the issuance of the preliminary determinations. If scope comments include factual information,8 all such factual information should be limited to public information. To facilitate preparation of its questionnaires, Commerce requests that all interested parties submit scope comments by 5:00 P.M. Eastern Time (ET) on November 30, 2020, which is the next business day after 20 calendar days from the signature date of this notice.9 Any rebuttal comments, which may include factual information, must be filed by 5:00 p.m. ET on December 10, 2020, which is 10 calendar days from the initial comment deadline.

Commerce requests that any factual information the parties consider relevant to the scope of the investigations be submitted during this time period. However, if a party subsequently

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6 See “Determination of Industry Support for the Petitions” section, infra.
7 See Antidumping Duties; Countervailing Duties; Final Rule, 62 FR 27296, 27323 (May 19, 1997).
8 See 19 CFR 351.102(b)(21) (defining “factual information.”)
9 The 20th day falls on Sunday, November 29, 2020, Commerce’s practice dictates that where a deadline falls on a weekend or Federal holiday, the appropriate deadline is the next business day. See Notice of Clarification: Application of “Next Business Day” Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended, 70 FR 24533 (May 10, 2005).
finds that additional factual information pertaining to the scope of the investigations may be relevant, the party may contact Commerce and request permission to submit the additional information. All such comments must be filed on the records of each of the concurrent AD and CVD investigations.

Filing Requirements

All submissions to Commerce must be filed electronically using Enforcement and Compliance’s AD and CVD Centralized Electronic Service System (ACCESS), unless an exception applies.\(^\text{10}\) An electronically filed document must be received successfully in its entirety by the time and date it is due.

Consultations

Pursuant to sections 702(b)(4)(A)(i) and (ii) of the Act, Commerce notified the GOI and the GOM of the receipt of the Petitions and provided an opportunity for consultations with respect to the Petitions.\(^\text{11}\) Commerce held consultations with the GOI and the GOM on October 16, 2020.\(^\text{12}\)

Determination of Industry Support for the Petitions

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, Commerce 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 Commerce 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 Commerce and the ITC must apply the same statutory definition regarding the domestic like product, they do so for different purposes and pursuant to a separate and distinct authority. In addition, Commerce’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.

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).

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13 See section 771(10) of the Act.
With regard to the domestic like product, the petitioner does not offer a definition of the domestic like product distinct from the scope of the investigations.\textsuperscript{15} Based on our analysis of the information submitted on the record, we have determined that wind towers, as defined in the scope, constitute a single domestic like product, and we have analyzed industry support in terms of that domestic like product.\textsuperscript{16}

Based on information provided in the Petitions, the supporters of the Petitions did not account for more than 50 percent of total production of the domestic like product in 2019. Therefore, on October 7, 2020, Commerce extended the initiation deadline by 20 days to poll the domestic industry in accordance with section 702(c)(4)(D) of the Act.\textsuperscript{17}

On October 8, 2020, we issued polling questionnaires to all known producers of wind towers identified in the Petitions.\textsuperscript{18} We requested that each company complete the polling questionnaire and certify its response by the due date specified in the cover letter to the questionnaire.\textsuperscript{19} We received responses to these questionnaires on October 20, 2020.\textsuperscript{20} The petitioner provided comments on the polling questionnaire responses on October 26, 2020.\textsuperscript{21}

Section 702(c)(4)(B) of the Act states that: (i) Commerce “shall disregard the position of domestic producers who oppose the petition if such producers are related to foreign producers, as defined in section 771(4)(B)(ii), unless such domestic producers demonstrate that their interests as domestic producers would be adversely affected by the imposition of a {CVD}order;” and (ii) Commerce “may disregard the position of domestic producers of a domestic like product who are

\textsuperscript{15} See Volume I of the Petitions at 19-21; see also General Issues Supplement at Exhibit I-Supp-1.

\textsuperscript{16} For a discussion of the domestic like product analysis as applied to these cases and information regarding industry support, see Countervailing Duty Investigation Initiation Checklists: Utility Scale Wind Towers from India and Malaysia, dated November 9, 2020 (Country-Specific CVD Initiation Checklists) at Attachment II, Analysis of Industry Support for the Antidumping and Countervailing Duty Petitions Covering Utility Scale Wind Towers from India, Malaysia, and Spain. These checklists are dated concurrently with this notice and on file electronically via ACCESS.

\textsuperscript{17} See \textit{Initiation Extension Notice}; see also Attachment II of the Country-Specific CVD Initiation Checklists.

\textsuperscript{18} See Memorandum, “Utility Scale Wind Towers from India, Malaysia, and Spain: Polling Questionnaire,” dated October 8, 2020; see also Volume I of the Petitions at 2 and Exhibits I-1 and I-2.

\textsuperscript{19} For a detailed discussion of the responses received, see Attachment II of the Country-Specific CVD Initiation Checklists. The polling questionnaire and questionnaire responses are on file electronically via ACCESS.

\textsuperscript{20} \textit{Id.}

importers of the subject merchandise.” In addition, 19 CFR 351.203(e)(4) states that the position of a domestic producer that opposes the petition: (i) will be disregarded if such producer “is related to a foreign producer or to a foreign exporter under section 771(4)(B)(ii) of the Act, unless such domestic producer demonstrates to the Secretary’s satisfaction that its interests as a domestic producer would be adversely affected by the imposition” of a CVD order; and (ii) may be disregarded if the producer “is an importer of the subject merchandise, or is related to such an importer, under section 771(4)(B)(ii) of the Act.”

We received opposition to the Petitions from producers that are related to foreign producers of subject merchandise and/or who imported subject merchandise from the subject countries. We have analyzed the information provided in the polling questionnaire responses and other submissions to Commerce. Based on our analysis, we disregarded opposition to certain Petitions, pursuant to section 702(c)(4)(B) of the Act. When such opposition is disregarded in those cases, the industry support requirements of section 702(c)(4)(A) of the Act are satisfied.22

Accordingly, Commerce determines that the industry support requirements of section 702(c)(4)(A) of the Act have been met and that the Petitions were filed on behalf of the domestic industry within the meaning of section 702(b)(1) of the Act.23

Injury Test

Because India and Malaysia are “Subsidies Agreement Countries” within the meaning of section 701(b) of the Act, section 701(a)(2) of the Act applies to these investigations. Accordingly, the ITC must determine whether imports of the subject merchandise from India and/or Malaysia materially injure, or threaten material injury to, a U.S. industry.

Allegations and Evidence of Material Injury and Causation

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22 See Attachment II of the Country-Specific CVD Initiation Checklists.
23 Id.
The petitioner alleges that imports of the subject merchandise are benefitting from countervailable subsidies and that such imports are causing, or threaten to cause, material injury to the U.S. industry producing the domestic like product. In addition, the petitioner alleges that subject imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.24

The petitioner contends that the industry’s injured condition is illustrated by a significant and increasing absolute and relative volume of subject imports; underselling and price depression or suppression; declining financial performance; declining production, U.S. shipments, and capacity utilization; negative impact on employment variables; and lost sales and revenues.25

We assessed the allegations and supporting evidence regarding material injury, threat of material injury, causation, as well as negligibility, and we have determined that these allegations are properly supported by adequate evidence, and meet the statutory requirements for initiation.26

Initiation of CVD Investigations

Based upon the examination of the Petitions and supplemental responses, we find that they meet the requirements of section 702 of the Act. Therefore, we are initiating CVD investigations to determine whether imports of wind towers from India and Malaysia benefit from countervailable subsidies conferred by the GOI and the GOM, respectively. In accordance with section 703(b)(1) of the Act and 19 CFR 351.205(b)(1), unless postponed, we will make our preliminary determinations no later than 65 days after the date of these initiations.

India

Based on our review of the Petitions, we find that there is sufficient information to initiate a CVD investigation on 69 of the 78 alleged programs. For a full discussion of the basis

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24 See Volume I of the Petitions at 27-28 and Exhibit I-18.
25 Id. at 18-19, 22-42 and Exhibits I-3, I-5, I-6, I-18, I-20, I-21, and I-23 through I-25.
26 See Country-Specific CVD Initiation Checklists at Attachment III, Analysis of Allegations and Evidence of Material Injury and Causation for the Antidumping and Countervailing Duty Petitions Covering Utility Scale Wind Towers from India, Malaysia, and Spain (Attachment III).
for our decision to initiate on each program, see India CVD Initiation Checklist. A public version of the initiation checklist for this investigation is available on ACCESS.

**Malaysia**

Based on our review of the Petitions, we find that there is sufficient information to initiate a CVD investigation on seven of the 10 alleged programs. For a full discussion of the basis for our decision to initiate on each program, see Malaysia CVD Initiation Checklist. A public version of the initiation checklist for this investigation is available on ACCESS.

**Respondent Selection**

In the Petitions, the petitioner named five companies in India and one company in Malaysia as producers/exporters of wind towers.\(^{27}\) Commerce intends to follow its standard practice in CVD investigations and calculate company-specific subsidy rates in this investigation.

Regarding India, in the event Commerce determines that the number of Indian producers/exporters is large and it cannot individually examine each company based upon Commerce’s resources, Commerce intends to select respondents based on U.S. Customs and Border Protection (CBP) data for U.S. imports of wind towers from India during the POI under the appropriate Harmonized Tariff Schedule of the United States numbers listed in the “Scope of the Investigations,” in the appendix. On November 2, 2020, Commerce released CBP data for U.S. imports of wind towers from India, as well as for the companion CVD investigation for Malaysia, under Administrative Protective Order (APO) to all parties with access to information protected by APO.\(^{28}\)

Regarding Malaysia, in the Petitions, the petitioner named only one company as a producer/exporter of wind towers in Malaysia, CS Wind Malaysia Sdn Bhd (CS Wind

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\(^{27}\) See Volume I of the Petitions at Exhibit I-17; and India Supplemental at Exhibit V-Supp-1.

\(^{28}\) See Memorandum, “Antidumping Duty Petition on Utility Scale Wind Towers from Malaysia: Release of Customs Data from U.S. Customs and Border Protection,” dated November 2, 2020 (Malaysia CBP Data Memo); and Memorandum, “Antidumping Duty Petition on Utility Scale Wind Towers from India: Release of Customs Data from U.S. Customs and Border Protection,” dated November 2, 2020 (India CBP Data Memo). Interested
Furthermore, the CBP import data placed on the record of the proceeding corroborates the identification of CS Wind Malaysia as the sole producer/exporter in the foreign market, and we currently know of no additional producers/exporters of subject merchandise from Malaysia. Accordingly, Commerce intends to examine all known producers/exporters in this investigation (i.e., CS Wind Malaysia), and will issue the initial countervailing duty questionnaire to the GOM and CS Wind Malaysia. If comments are received that create a need for a respondent selection process, we intend to finalize our decisions regarding respondent selection within 20 days of publication of this notice.

In the India CBP Memo and the Malaysia CBP Memo, we indicated that interested parties wishing to comment on the CBP data and/or respondent selection must do so within three business days of the publication date of the notice of initiation of these CVD investigations. Comments on CBP data and respondent selection must be filed electronically using ACCESS. An electronically filed document must be received successfully, in its entirety, via ACCESS by 5:00 p.m. ET on the specified deadline. Commerce will not accept rebuttal comments regarding the CBP data or respondent selection.

**Distribution of Copies of the Petitions**

In accordance with section 702(b)(4)(A) of the Act and 19 CFR 351.202(f), a copy of the public version of the Petitions has been provided to the GOI and GOM via ACCESS. Furthermore, to the extent practicable, Commerce will attempt to provide a copy of the public version of the Petitions to each exporter named in the Petitions, as provided under 19 CFR 351.203(c)(2).

**ITC Notification**

Commerce will notify the ITC of its initiation, as required by section 702(d) of the Act.

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29 See Volume I of the Petitions at Exhibit I-17.
30 See Malaysia CBP Data Memo.
31 See India CBP Data Memo and Malaysia CBP Data Memo.
Preliminary Determinations by the ITC

Typically, the ITC will preliminarily determine, within 45 days after the date on which the Petitions were filed, whether there is a reasonable indication that subject imports are materially injuring or threatening material injury to a U.S. industry.\(^ {32}\) Here, due to Commerce’s extension of time to conduct polling and analyze industry support for the Petitions, the ITC has extended the time for issuance of its preliminary determination.\(^ {33}\) The ITC’s preliminary determination is now due on December 4, 2020.\(^ {34}\)

A negative ITC determination for any country will result in the investigation being terminated with respect to that country.\(^ {35}\) Otherwise, these CVD investigations will proceed according to the statutory and regulatory time limits.

Submission of Factual Information

Factual information is defined in 19 CFR 351.102(b)(21) as: (i) evidence submitted in response to questionnaires; (ii) evidence submitted in support of allegations; (iii) publicly available information to value factors under 19 CFR 351.408(c) or to measure the adequacy of remuneration under 19 CFR 351.511(a)(2); (iv) evidence placed on the record by Commerce; and (v) evidence other than factual information described in (i)–(iv). Section 351.301(b) of Commerce’s regulations requires any party, when submitting factual information, to specify under which subsection of 19 CFR 351.102(b)(21) the information is being submitted\(^ {36}\) and, if the information is submitted to rebut, clarify, or correct factual information already on the record, to provide an explanation identifying the information already on the record that the factual information seeks to rebut, clarify, or correct.\(^ {37}\) Time limits for the submission of factual

\(^{32}\) See section 733(a) of the Act; see also Utility Scale Wind Towers from India, Malaysia, and Spain; Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations, 85 FR 63137 (October 6, 2020).

\(^{33}\) See Utility Scale Wind Towers From India, Malaysia, and Spain Revised Schedule for the Subject Investigations, 85 FR 67372 (October 22, 2020).

\(^{34}\) Id.

\(^{35}\) Id.

\(^{36}\) See 19 CFR 351.301(b).

\(^{37}\) See 19 CFR 351.301(b)(2).
information are addressed in 19 CFR 351.301, which provides specific time limits based on the type of factual information being submitted. Interested parties should review the regulations prior to submitting factual information in these investigations.

**Extensions of Time Limits**

Parties may request an extension of time limits before the expiration of a time limit established under 19 CFR 351.301, or as otherwise specified by the Secretary. In general, an extension request will be considered untimely if it is filed after the expiration of the time limit established under 19 CFR 351.301. For submissions that are due from multiple parties simultaneously, an extension request will be considered untimely if it is filed after 10:00 a.m. ET on the due date. Under certain circumstances, Commerce may elect to specify a different time limit by which extension requests will be considered untimely for submissions which are due from multiple parties simultaneously. In such a case, Commerce will inform parties in a letter or memorandum of the deadline (including a specified time) by which extension requests must be filed to be considered timely. An extension request must be made in a separate, stand-alone submission; Commerce will grant untimely filed requests for the extension of time limits only in limited cases where we determine, based on 19 CFR 351.302, that extraordinary circumstances exist. Parties should review *Extension of Time Limits; Final Rule*, 78 FR 57790 (September 20, 2013), available at [http://www.gpo.gov/fdsys/pkg/FR-2013-09-20/html/2013-22853.htm](http://www.gpo.gov/fdsys/pkg/FR-2013-09-20/html/2013-22853.htm), prior to submitting extension requests or factual information in these investigations.
Certification Requirements

Any party submitting factual information in an AD or CVD proceeding must certify to the accuracy and completeness of that information.\textsuperscript{38} Parties must use the certification formats provided in 19 CFR 351.303(g).\textsuperscript{39} Commerce intends to reject factual submissions if the submitting party does not comply with the applicable certification requirements.

Notification to Interested Parties

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305. Parties wishing to participate in these investigations should ensure that they meet the requirements of 19 CFR 351.103(d) (\textit{e.g.}, by filing the required letters of appearance). Note that Commerce has temporarily modified certain of its requirements for serving documents containing business proprietary information until further notice.\textsuperscript{40}

This notice is issued and published pursuant to sections 702 and 777(i) of the Act and 19 CFR 351.203(c).

Dated: November 9, 2020.

Jeffrey I. Kessler,
Assistant Secretary for Enforcement and Compliance.

\textsuperscript{38} See section 782(b) of the Act.
\textsuperscript{39} See \textit{Certification of Factual Information to Import Administration During Antidumping and Countervailing Duty Proceedings, 78 FR 42678 (July 17, 2013) (Final Rule)\textit{; see also frequently asked questions regarding the Final Rule, available at http://enforcement.trade.gov/tlei/notices/factual\_info\_final\_rule\_FAQ\_07172013.pdf.}
\textsuperscript{40} See \textit{Temporary Rule Modifying AD/CVD Service Requirements Due to COVID-19; Extension of Effective Period, 85 FR 41363 (July 10, 2020).}
Appendix

Scope of the Investigations

The merchandise covered by these investigations consists of certain wind towers, whether or not tapered, and sections thereof. Certain wind towers 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, unless those components are shipped with the tower sections.

Merchandise covered by these investigations is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under subheading 7308.20.0020 or 8502.31.0000. Wind towers of iron or steel are classified under HTSUS 7308.20.0020 when imported separately as a tower or tower section(s). Wind towers may be classified under HTSUS 8502.31.0000 when imported as combination goods with a wind turbine (i.e., accompanying nacelles and/or rotor blades). While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these investigations is dispositive.