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BY ELECTRONIC FILING

Mr. Brad Botwin
Director, Industrial Studies
Office of Technology Evaluation
Bureau of Industry and Security
U.S. Department of Commerce
Room 1093
1401 Constitution Avenue, NW
Washington, DC 20230
Steel232@bis.doc.gov

Re: ***Section 232 National Security Investigation of Imports of Steel***: Written Comments of
the Wind Tower Trade Coalition

Dear Mr. Botwin:

On behalf of the Wind Tower Trade Coalition (the “WTTC” or “Coalition”), we hereby submit the following written comments to the Department of Commerce (the “Department”) in response to the Department’s Notice Request for Public Comments and Public Hearing on Section 232 National Security Investigation of Imports of Steel.¹

I. IMPORTS OF STEEL WIND TOWERS THREATEN TO IMPAIR U.S. NATIONAL SECURITY

The WTTC is a coalition of U.S. producers of steel wind towers that are manufactured for use in utility scale wind turbine electrical power generating systems. The members of the Coalition have production operations in several states including Texas, Wisconsin, Iowa, Oklahoma, and Illinois. Wind towers are made of welded steel sheets and support the nacelle (containing a wind turbine’s main power generation components) and the rotor blades. Wind towers provide support for wind turbines that are used in electrical power generation projects. Because power generation is a critical element in the infrastructure of the United States, the displacement of domestic steel wind towers by imports is a threat to U.S. national security.

Imports of steel wind towers are currently surging into the U.S. market and displacing domestic wind tower production. As a result, numerous U.S. wind tower manufacturers are

¹ Bureau of Industry and Security, *Notice Request for Public Comments and Public Hearing on Section 232 National Security Investigation of Imports of Steel*, 82 Fed. Reg. 19,205 (Dep’t Commerce Apr. 26, 2017) (“Notice”).

experiencing negative financial conditions affecting their ability to maintain capacity, production, a skilled labor force, and to continue to make necessary investments in order to remain competitive. In short, imports of steel wind towers negatively affect the production operations of U.S. manufacturers of wind towers, and this in turn can pose a significant threat to the U.S. electrical grid. For these reasons, the Coalition urges the Department to find that steel imports, including wind tower imports, are threatening to impair the national security, and that an adjustment of these imports is necessary to prevent them from impairing U.S. national security.

II. NATIONAL SECURITY SHOULD BE BROADLY DEFINED

Under Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. § 1862), the Department examines whether imports of an article threaten to impair national security.² If the Department finds that an article is “being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security,” the President of the United States must determine whether he agrees with the finding and, if so, must determine “the nature and duration of the action that, in the judgment of the President, must be taken to adjust the imports of the article and its derivatives so that such imports will not threaten to impair the national security.”³ Importantly, Section 232 contemplates a broad definition of “national security.” For example, the statute provides that threats to national security are tied to threats to the “economic welfare” of the United States and of individual domestic industries.⁴ In the past, the Department has stated that threats to national security include threats to industries “critical to the minimum operations of the economy and government,”⁵ and those industries and resources “needed to produce domestically goods and services necessary to ensure U.S. national security.”⁶

In the Department’s current assessment of whether steel imports threaten to impair the national security, the agency should define “national security” broadly to include downstream steel products critical to the country’s infrastructure, including the national power grid. The national power grid, in particular, is a vulnerable component of our infrastructure that impacts the state of U.S. national security, and threats to it by wind tower imports should be considered threats to national security. The national grid is both “critical to the minimum operations of the economy and government” and “needed to produce domestically goods and services necessary to ensure U.S. national security.”⁷ If steel imports are allowed to continue displacing the domestic steel used in maintaining and expanding the national power grid, the existence and functionality of the grid could become unhealthily dependent upon foreign steel. Accordingly, the Department in this investigation should define “national security” broadly, and determine that steel imports threaten U.S. national security by displacing domestic steel used in the national power grid, including steel wind towers.

² Notice, 82 Fed. Reg. at 19,205.

³ 19 U.S.C. § 1862(c)(1)(A).

⁴ 19 U.S.C. § 1862(d).

⁵ U.S. Department of Commerce, *The Effect of Imports of Iron Ore and Semi-Finished Steel on the National Security* (2001) (“Iron Ore and Semi-Finished Steel Report”) at 5.

⁶ See U Iron Ore and Semi-Finished Steel at 7; U.S. Department of Commerce, *The Effect of Imports of Gears and Gearing Products on the National Security* (1992).

⁷ See Iron Ore and Semi-Finished Steel Report at 5, 7.

III. STEEL IMPORTS SHOULD ENCOMPASS IMPORTS OF STEEL WIND TOWERS

Pursuant to Section 232, if imports of an article are found to threaten to impair national security, the President takes action “to adjust the imports of the article and its derivatives so that such imports will not threaten to impair the national security.”⁸ Moreover, Secretary Ross recently stated that action against imports under Section 232 contemplates a broad definition of the product at issue.⁹ In assessing the threat that steel imports pose to national security, the Department should not only include raw steel, but expressly extend the scope of steel imports to include steel wind towers.

The wind towers that the Coalition produces are large tubular steel structures. They consist of multiple steel plates rolled into cylindrical or conical shapes and welded together to form a steel shell. These products are essentially derivatives of raw steel and are provide a growing share of electrical energy consumed in the United States. As imports are negatively affecting domestic producers’ capacity and production, which in turn threatens the U.S. energy supply, the Department should include wind towers as part of this investigation and its recommendations for import restrictions. The Department’s response to the national security threat caused by steel imports must take into account the threat caused by imported steel wind towers.

IV. EXISTING AD/CVD ORDERS CONFIRM INJURY CAUSED BY IMPORTS BUT ADDITIONAL RELIEF IS NEEDED TO PROTECT U.S. NATIONAL SECURITY

Wind tower steel imports are threatening to impair national security by further damaging the domestic wind tower industry, which in turn affects the national power grid and the supply of electricity in the United States. The injury these imports cause the domestic industry has been confirmed by existing antidumping and countervailing duty orders. Specifically, there are antidumping and countervailing duty orders that were issued in 2013 against utility scale wind towers from China, and an antidumping duty order also issued in 2013 against utility scale wind towers from Vietnam.¹⁰ These orders imposed significant dumping margins between 47.59 and 70.63 percent on Chinese imports,¹¹ subsidy margins between 21.86 and 34.81 percent on Chinese imports,¹² and dumping margins between 51.54 and 58.54 percent on Vietnamese imports.¹³ These orders confirm the injury, and the threat of further injury, caused by imports of wind towers. At the same time, additional relief from wind tower imports is necessary for the protection of U.S. national security.

⁸ See 19 U.S.C. § 1862(c)(1)(A) (emphasis added).

⁹ *Press Briefing by Secretary of Commerce Wilbur Ross on the Memorandum Regarding the Investigation Pursuant to Section 232(B) of the Trade Expansion Act.*

¹⁰ See *Utility Scale Wind Towers From the People’s Republic of China*, 78 Fed. Reg. 11,146 (Dep’t Commerce Feb. 15, 2013) (antidumping duty order) (“Wind Towers China AD Order”); *Utility Scale Wind Towers from the People’s Republic of China*, 78 Fed. Reg. 11,152 (Dep’t Commerce Feb. 15, 2013) (countervailing duty order) (“Wind Towers China CVD Order”); *Utility Scale Wind Towers From the Socialist Republic of Vietnam*, 78 Fed. Reg. 11,150 (Dep’t Commerce Feb. 15, 2013) (amended final deter. of sales at less than fair value and antidumping duty order) (“Wind Towers Taiwan AD Order”).

¹¹ See *Wind Towers China AD Order*, 78 Fed. Reg. at 11,148.

¹² See *Wind Towers China CVD Order*, 78 Fed. Reg. at 11,153-54.

¹³ See *Wind Towers Taiwan AD Order*, 78 Fed. Reg. at 11,152.

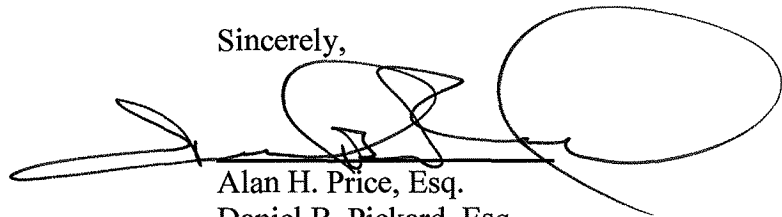
Despite the existence of more than 150 antidumping and countervailing duty orders on steel products, and as the President correctly stated in his April 20, 2017 Presidential Memorandum for the Secretary of Commerce, these orders “have not substantially alleviated the negative effects that unfairly traded imports have had on the United States steel industry.”¹⁴ As Secretary Ross recently observed, a need for additional relief exists because antidumping and countervailing orders are “very, very limited in nature to a very, very specific product from a very, very specific country.”¹⁵ Steel imports have regularly found ways to evade these orders and created “a fairly porous system” for trade remedies in the United States.¹⁶ Their aggressive infiltration now threatens the national security of the United States, and the Department must address it. Indeed, the domestic industry has seen a recent surge in imports from countries that are not subject to antidumping or countervailing duty orders. As such, the Coalition respectfully requests that the Department recommend comprehensive relief under this Section 232 investigation that would cover all countries except our NAFTA partners.

V. CONCLUSION

In sum, the Department should determine that steel imports, including steel wind tower imports, threaten to impair U.S. national security, and it should urge the President to take comprehensive action to adjust imports of all steel products, including wind towers, from all countries.

If you have any questions regarding this submission, please do not hesitate to contact the undersigned.

Sincerely,



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¹⁴ The White House, Office of the Press Secretary, *Presidential Memorandum for the Secretary of Commerce* (Apr. 20, 2017), available at <https://www.whitehouse.gov/the-press-office/2017/04/20/presidential-memorandum-secretary-commerce> (last visited May 25, 2017).

¹⁵ *Press Briefing by Secretary of Commerce Wilbur Ross on the Memorandum Regarding the Investigation Pursuant to Section 232(B) of the Trade Expansion Act.*

¹⁶ *Press Briefing by Secretary of Commerce Wilbur Ross on the Memorandum Regarding the Investigation Pursuant to Section 232(B) of the Trade Expansion Act.*