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Wind Companies to Buy More U.S. Parts in Agreement With Unions

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By Jim Snyder

June 10 (Bloomberg) -- Wind-energy companies agreed to buy more parts from U.S. suppliers, and a labor union promised to join in lobbying Congress for a requirement to use more renewable energy.

The accord announced today by the American Wind Energy Association and the United Steelworkers union grew out of objections by lawmakers that federal money was being spent to purchase clean-energy components made abroad.

The agreement "sends a very positive message" to Congress that the clean-energy industry is trying to build an industrial base in the United States, following the example set earlier by Japanese automakers, Christine Tezak, senior energy and environment policy analyst at Robert W. Baird, a Milwaukee-based asset management fund, said in a phone interview.

The partnership calls for the "aggressive development and utilization" of domestically based equipment manufacturers and suppliers. Targets remain to be set, according to a summary of the agreement.

Senator Sherrod Brown, a Democrat from Ohio who has opposed U.S. subsidies to projects dependent on equipment from abroad, said today the agreement will ensure that clean-energy investments revitalize domestic industries.

"This is really a big deal," Brown said on a conference call announcing the agreement. "It is a great story for American manufacturing."

Brown had supported legislation introduced by Senator Charles Schumer, a New York Democrat, that would impose "Buy American" requirements on renewable-energy projects helped by taxpayer dollars. About 70 percent of the components used in clean-energy technologies come from foreign sources, Brown said.

Wind turbines have about 8,000 parts, said Denise Bode, the chief executive officer of the American Wind Energy Association, a trade group based in Washington.

'Perfectly Positioned'

"We are perfectly positioned in the United States to recapture leadership in a brand new manufacturing sector with wind," Bode said.

Leo Gerard, president of the steelworkers union, based in Pittsburgh, said relying on a foreign supply chain for renewable energy "is just as bad as having to rely on foreign oil."

Under the agreement, parts must be made in the United States and not produced overseas by a U.S.-based company to count toward the eventual targets, Gerard said.

The plan also calls for the creation of job training programs in the industry, and measuring inventories to establish gaps in the domestic supply chain.

Supply Chain

Jeffrey Immelt, chief executive officer of General Electric Co., said at a conference on clean energy today that more government investment in research is needed if the U.S. is to match efforts of foreign competitors.

"If the supply chain is going to be dominated by Japan and China, something is wrong," Immelt said.

The United Steelworkers and the wind-power group want Congress to pass a renewable-electricity standard that requires electric utilities to use more alternative sources including wind and solar energy.

Such a standard is part of energy legislation approved by the Senate Energy and Natural Resources Committee. Senate Majority Leader Harry Reid, a Nevada Democrat, has said he would bring energy legislation to a floor vote in July, without specifying what provisions will be incorporated.

Brown said the agreement will encourage Congress to do a "good bit more" to support the industry.

"This helps to convince Congress we in fact have a policy coming from the private sector," Brown said.

Wind-energy growth has slackened because of a lack of certainty of government support and the poor economy, Bode said.

The industry installed 539 megawatts of wind power during the first quarter, the smallest amount since 2007, the American Wind Energy Association reported in April.

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