

**Specialty Equipment Market Association  
SEMA China and The Middle East Business Development Program**

**2. Project Narrative**

**a. Executive Summary**

Applicant	Specialty Equipment Market Association (SEMA) Diamond Bar, CA SEMA.org
ITA and other federal collaborators (staff with a logical stake in project success)	The Office of Transportation and Machinery OTM/Automotive Team (Tom Sobotta, Automotive Team Supervisor; Elizabeth Couch, International Economist) U.S. Consulate General, Dubai, United Arab Emirates (Robert W. Dunn, Principal Commercial Officer) U.S. Consulate General, Shanghai, China (Gregory Harris, Commercial Officer) U.S. Foreign & Commercial Service (Eduard Roytberg, Senior International Trade Specialist and Global Automotive Team Leader) Jim Pruitt, MAC/Office of China and Mongolia James Cramer, MAC desk officer for Iran Oman, United Arab Emirates, and Yemen Steven Garrett, MAC desk officer for Bahrain and Saudi Arabia
Federal Share	\$500,000
Total Project Budget	1,990,885.00
Award Period	July 1, 2011 – June 30, 2014
Exports: Award Period	\$6.52 million
Four years after award period	\$22 million
Foreign Markets Targeted	People's Republic of China (China) Middle East/ United Arab Emirates (UAE) and nearby countries: Bahrain, Kuwait, Oman, Qatar and Saudi Arabia
U.S. Industry	Automotive specialty-equipment market
Project Description	1. Organize annual one-on-one business development conferences in China and the UAE. 2. Work closely with Chinese and UAE government

**Specialty Equipment Market Association**  
**SEMA China and The Middle East Specialty Equipment Business Development Program**

officials as they seek to develop of laws and regulations governing the specialty-equipment industry. We seek to ensure equal access for U.S. manufacturers.

3. Create Region-Specific Export Toolboxes—a resource for U.S. companies regarding opportunities and challenges in China and the Middle East. Regularly publish information on these promising markets for specialty-equipment manufacturers.
4. SEMA Show: Bring media delegations from China and the Middle East to the SEMA Show to serve as panelists on the Global Media Awards. Attract international buyers from China and the Middle East to the SEMA Show and facilitate meetings/networking opportunities between these buyers and SEMA-member exhibitors. Arrange for foreign government officials to attend the SEMA Show to better understand the scope of the US market and to meet regarding U.S. specialty-equipment laws.

**b. Background**

**(1) Competitive Position of U.S. Industry and market potential**

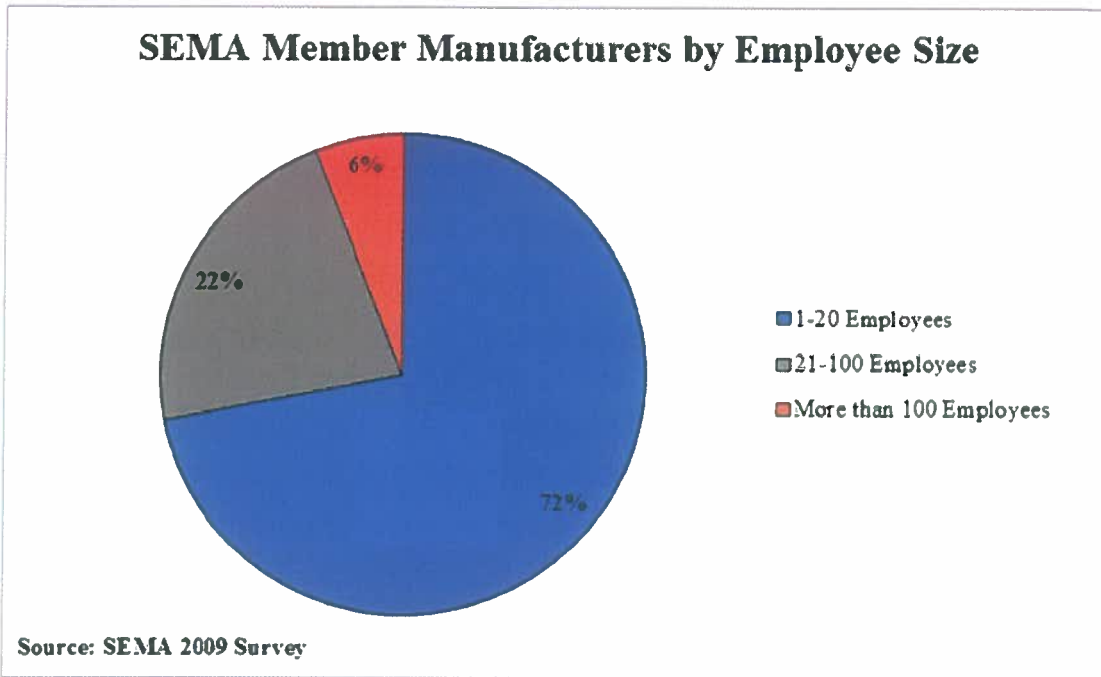
**a. The Industry**

The 50-year-old automotive specialty-equipment industry, which supplies products to upgrade and personalize cars and light trucks (SUVs and pickups), grew to \$28.8 billion in 2010. This represents a 2% growth from the prior year and the first increase since the start of the recession for an industry which previously regularly enjoyed annual increase of more than 8%. The scope of the market is defined as one based strictly on discretionary purchases—a sector distinct from the automotive replacement and maintenance products designed to replace OE parts as they become worn or damaged. Accessories are parts made for comfort, convenience, performance, safety or customization, and are designed for add-on after the original assembly of the motor vehicle.

The U.S. market is sustained by America’s long-standing and ongoing love of the vehicles and the affinity for everything automotive—from motorsports to classic car collecting and restoration, recreational off-roading as well as the growing desire to personalize a daily driver car, SUV or pickup truck. The specialty-equipment industry supplies the industry to support this pastime. In fact, Congress, in recognition of importance of this industry and hobby both in American culture and economically formed, back in the ‘90s, the bipartisan Congressional Automotive Performance and Motorsports Caucus which now numbers 100 senators and representatives from throughout the United States. More recently, the U.S. Senate passed Senate Resolution 154 (S. Res. 154) designating July 8, 2011, as “Collector Car Appreciation Day.” The date marks the second commemoration in what will become an annual event.

**Specialty Equipment Market Association**  
**SEMA China and The Middle East Specialty Equipment Business Development Program**

The specialty-equipment industry is an important U.S. economic engine, creating an estimated one million jobs generated by thousands of privately owned, mostly small-sized firms. In fact, the average SEMA-member company has annual sales of up to \$1 million and employs 20 or fewer employees.



Geographically, specialty-equipment firms are located in all 50 states. However, California continues to have the largest concentration of companies involved in this sector followed by the South Atlantic, which includes Florida and South Carolina.

Some of the better-known specialty-equipment companies include B&M Racing and Performance, Hedman Manufacturing, Edelbrock Corp. and K&N Engineering Inc.

**b. Specialty Equipment Market Association (SEMA) History & Services**

Headquartered in Diamond Bar, California, the Specialty Equipment Market Association, known by the acronym SEMA, is the only nonprofit trade association in the United States serving the specialty automotive aftermarket. Founded in 1963, the association currently has more than 6,000 member companies. The association's 80 employees are based in the Southern California headquarters as well as branch offices in Washington, D.C. and Detroit, Michigan. Regarding membership categories, the largest number is manufacturers, though the association serves the breadth of the industry, including those involved in the distribution and sale of specialty products.

The association provides a wide range of services to members but is perhaps is best known for the annual trade show, the SEMA Show. Noted as the single largest annual U.S. gathering of small businesses, the association produces the world's largest trade show serving the specialty-equipment market. Held annually since 1967, the Show, a part of Automotive Aftermarket Industry Week (AAIW),

**Specialty Equipment Market Association**  
**SEMA China and The Middle East Specialty Equipment Business Development Program**

attracts more than 100,000 professionals from more over 100 countries. Held in Las Vegas, Nevada, the show features 2,000 exhibitors and is the venue each year for more than 1,500 new-product releases.

The SEMA Show has evolved into an important venue for U.S. companies to network with overseas buyers as the Show attracted record numbers of international numbers of distributors and retailers in 2010—25% of all buyers at last year’s Show came from abroad. Other activities include the association’s highly regarded legislative and regulatory program in which SEMA works closely with federal and state government officials, providing input and technical advice and ensuring that the industry has a seat at the table during the discussion of government decisions that could have an effect on the ability to sell, distribute and install specialty products. SEMA also serves as the industry’s source for research on trends and market information on the specialty-equipment market and for year-round education and installer certification programs.

#### SEMA’s Export Initiatives

Over the past two decades, the association has developed a successful track record regarding its overseas work. SEMA places a high priority on assisting SEMA-member companies diversifying their customer base and facilitating access to the 95% of the world’s customers located outside the United States. For SEMA members, new geographic markets offer opportunities to create new revenue streams and reach new customers. Numerous studies have shown that exporters outperform non-exporters in terms of wages, productivity and innovation.

Yet, the typical SEMA-member company typically has a small staff and modest budgets compared to larger firms. SEMA’s export programs and services serve as an extension to their staffs and fill a vital void and provide needed global expansion resources. Generating exports have become an increasingly important component of a SEMA members’ bottom line and crucial to many firm’s continued growth just at the time that the opportunities abroad are growing. Global vehicle platforms are become more commonplace and vehicles sold worldwide are increasingly similar from market to market thus allowing US companies’ products to fit significantly more vehicles both in developed as well as emerging markets.

Until recently, our efforts have focused nearly exclusively on the more developed markets. Canada, Mexico, Europe, Australia, Japan as these markets provided the best opportunities for SEMA members. SEMA facilitated members’ access to these markets through the provision of market information and the creation of networking opportunities. In each of these markets we have also been active on the legislative/regulatory front.

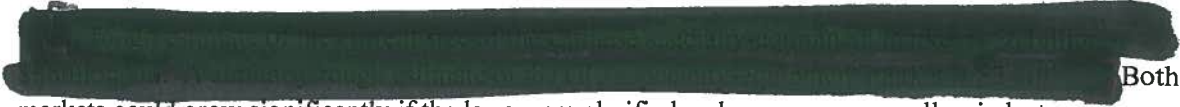
Through our work with foreign governments and local stakeholders, we can point to important regulatory/legislative victories in each of these markets. We have, in each case, succeeded in impacting laws and regulations which would unfairly penalized U.S. companies or severely limit the ability for consumers to customize their vehicles.

In 2009, Rochelle Lipsitz, then acting Director General of the U.S. and Foreign Commercial Service presented SEMA with “Certificate of Appreciation for Achievement in Trade” for these efforts as well as for the strong partnership between SEMA and the U.S. Department of Commerce (DOC).

**Specialty Equipment Market Association**  
**SEMA China and The Middle East Specialty Equipment Business Development Program**

Our overseas efforts—SEMA actively searches for additional markets where passion, market conditions and the vehicle mix indicate good potential for our members' products—increasingly point to emerging markets. In recent years, some of the fastest growing markets are in China and the Middle East—more specifically the six countries comprising the Gulf Cooperation Council (GCC), which are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE; these countries are among the most promising markets for US exports of specialty products.

Our findings have been echoed by the U.S. Commercial Service whose “Doing Business Country report” series has identified automotive accessories as one of the most promising subsectors in these markets.

 Both markets could grow significantly if the laws were clarified and consumers as well as industry was assured of the right to sell, install and use performance, appearance and comfort upgrades without the threat of governmental harassment.

**Worldwide Demand: Target market economic conditions and likelihood of U.S. exports**

We selected these markets based on a number of factors including:

- The specialty equipment markets in the UAE and China are in their infancy and U.S. manufacturers have the opportunity to get into these respective markets during these exciting early days.
- **Passionate and growing car culture** developing in both markets that embraces vehicle personalization.
- **Unmet demand:** Consumers and distributors in both markets complain of shortages of a variety of quality specialty- equipment products.
- **Sales of SUVs and other light trucks are the fastest-growing sector** in both China and the GCC – a segment for which US firms excel in making specialty-equipment product.
- **Passion for Off-Roading.** Driving off-road for recreation is extremely popular and growing in both markets, and hobbyists are good customers for product that enhances the functionality of these vehicles on unpaved roads.
- **Government officials in both markets have reached out to SEMA** to assist in the creation of laws and regulations regarding vehicle customization.
- The “Made in America” mark is a considered a sign of quality and innovativeness among global consumers. Local enthusiasts are increasingly aware of and deliberately seek U.S.-branded products. TV shows, such as TLC's “Overhaulin’”, MTV’s “Pimp My Ride” and Universal Studio’s *The Fast and the Furious* films also played a great role in generating interest in American-style tuning. As brand awareness and education among consumers and the trade continues in both markets, U.S. brands are bound to benefit.



**Specialty Equipment Market Association**  
**SEMA China and The Middle East Specialty Equipment Business Development Program**

**a. Choice of China as target market**

**i. Factors Influencing the potential of the Chinese specialty-equipment market**

- **Size of the Market/Potential for Further Growth:** China, with its population of 1.3 billion people makes its sheer size of the new-car market in China, as well as its potential for further growth, a very exciting market. As of 2009, new-car sales in China had exceeded that in the United States. In 2010, J.D. Power and Associates forecasted that sales of passenger vehicles would reach 13.6 million units in 2015 as the market continues to grow from the unmet demand (number of vehicles per person).
- **Government Push to Generate Domestic Demand:** New opportunities exist for foreign product sales in China as the government, seeking to change direction from an export-driven to a more balanced system, places an increased importance on generating domestic demand.
- **Huge pent-up demand to purchase vehicles and other high-ticket-price items.** China is enjoying rapid market growth, increasing the number of cars on the road and, thus, those potentially available to be customized. Whereas in the United States there's nearly one car for every potentially eligible driver, in China, barely 35 people per 1,000 own a car.
- **The growing number of brand-aware wealthy households** propels the sales of luxury items, including imported vehicles and the products to personalize these purchases.
- **Growing Discretionary Income:** The emerging middle class consumer segment is Estimated, in 2010, to be between 100-150 million people. Armed with growing disposable income, China's middle class now has more cash than ever to spend on discretionary consumer purchases, such as cars and specialty-equipment products. This combination of consumers' growing taste for vehicle personalization with rising disposable income will continue to drive sales of aftermarket automotive products.
- **Anticipated Future Vehicle Purchases:** It is estimated that within the next decade, 10%, or 130 million buyers, nearly the same size as the Japanese market, will be seeking to purchase a vehicle, particularly in the urban areas. A recent survey of 150,000 city dwellers by the Chinese National Bureau of Statistics found that 20% of China's urban households (representing 26 million people) intend to buy a car within the next several years. This is in sharp contrast to most developed markets where growth is expected to grow much more modestly.
- **Positive Perception of U.S. Products:** A 2009 report by the U.S. Commercial Service in China noted that, "Chinese consumers are developing an interest for the U.S. auto culture. They are eager to gain all kinds of knowledge about cars, and they want to try products and services known for superior quality at affordable prices—which are the qualities that U.S. products and services are known for. In general, prices of U.S. products and services are higher than local prices, but most of the Chinese customers believe these price differences are justified. In fact, the prices of U.S. products currently in China are very competitive."
- **Large Pool of Jeeps:** U.S. companies are particularly strong in accessorizing the large and fast-growing SUV and, particularly, Jeep market. There is a pool of 80,000 Jeeps in China—a vehicle heavily customized in China as elsewhere in the world. U.S. companies are the world's leading supplier of accessories for these vehicles and, thus, this market provides considerable potential for our member companies. There are currently more than 80,000 Jeep SUVs on the road in China and that number is still growing. J.D. Power and Associates forecasts that from

**Specialty Equipment Market Association**  
**SEMA China and The Middle East Specialty Equipment Business Development Program**

2010–2017, China will import nearly 25,000 Wranglers and more than 13,000 Grand Cherokees, as well as thousands of the Jeep Commander and Compass models.

- More generally, **SUVs, in general, are the fastest-growing sector in China**. Demand for SUVs rose 96% on-year in 2010 to 1.67 million units, according to J.D. Power and Associates. One of the driving forces is the growing number of buyers purchasing their second vehicles. Among this group, SUVs, including imported vehicles, are popular.
- **Versatile U.S. manufacturers** are increasingly making products that fit not only U.S., but also Japanese and European vehicles. American firms are also developing product for local Chinese brands which will grow along with the demand.
- **Tariff rates** for specialty products are in the range of 3%-10%

**Tariff rates imposed by the China for selected imported specialty-equipment products from the United States**

Product	HS Code	Tariff Rate
Wheels	8708.70.9000	10%
Air Intake Systems	8421.31.0000	10%
Suspension Systems	8708.80.1000	10%
Air Filters	8421.39.3001	3%

**Local Competitors**

- U.S. companies have a head start over local Chinese manufacturers across the board except in the category of low-cost, low-tech products sold on price. Growing brand awareness and positive perception of U.S. products as having a good quality has generated considerable interest according to many industry stakeholders. Noted one of the larger Shenzhen -based distributors of specialty products who has a continuing demand for high-quality, high-end U.S. and other foreign products, at least in the short-term vis-à-vis domestic products: *“I don’t think the local brands of the performance products will be competitive in five years because it’s really a field that requires a lot of experience. Foreign brands have the most potential in the performance sector because of the high technological content.”*

**Third country Competition**

- Japanese and European specialty-equipment firms are putting considerable effort into selling into the Chinese market and are making inroads. Japanese and European-styled and branded products clearly have their following. Among the most active companies are CUSCO and HKS (from Japan) and A.C. SCHNITZER, MOMO and LORINSER (from Europe).

**Specialty Equipment Market Association  
SEMA China and The Middle East Specialty Equipment Business Development Program**

**b. Choice of the Middle East as a target market**

**i. Factors Influencing the potential of the UAE/GCC specialty-equipment market**

- **Consumers in the UAE enjoy one the highest standards of living in the world**, with GDP per capita GDP (purchasing parity basis) of \$55,000 USD compared to \$46,000 USD in the United States.
- **Auto enthusiasts, armed with high disposable incomes, are passionate about their vehicles** and do whatever it takes to make sure their custom cars stand out on the road. More importantly, consumers recognize and appreciate high-quality products and are significantly influenced by American aftermarket trends and brands. As a result, U.S. products are very popular in the Middle East, both for street, off-road and track applications.
- In addition to the previously mentioned market for all products for off-road use, **American classic cars, along with late-model muscle cars, have a huge and loyal following** in the Middle East as these vehicle owners seek U.S. specialty products for their prized vehicles.
- **The UAE has strong commercial trader tradition** and is informally nicknamed the “Netherlands of the Middle East” as the country has gained international recognition as an import export hub with growing re-exports from the UAE throughout the rest of the region. U.S. companies interested in selling to the 41.45 million consumers and 8.7 million vehicles on their roads in the UAE and surrounding GCC countries can develop these ties from a UAE base. Notes the *2010 UAE Commercial Guide for US Businesses*: “The UAE, particularly the emirate of Dubai, has long been recognized as the commercial and business hub of the Middle East. It has developed a leading role in business services, including finance, and has effectively created a logistics hub between east and west.”
- **Sales of SUVs are strong and growing** in each of the GCC countries, according to the U.S. Commercial Services’ most recent country-specific *Commercial Guides*.
- **Low tariff rates** for specialty-equipment products:

**Tariff rates imposed by the GCC (UAE, Saudi Arabia, Kuwait, Qatar, Oman and Bahrain) for selected imported specialty equipment products from the United States**

<b>Product</b>	<b>HS Code</b>	<b>Tariff Rate</b>
Wheels	87087000	5%
Air Intake Systems	84213100	5%
Suspension Systems	87088000	5%
Air Filters	84213900	5%

**Local Competitors**

There are few local manufacturers of specialty products.



**Specialty Equipment Market Association**  
**SEMA China and The Middle East Specialty Equipment Business Development Program**

**Third-Country Producers**

Japanese, European and Australian specialty-equipment manufacturers are all active in the UAE and surrounding markets. The Australian government, for example, subsidizes Australian company participation in an automotive parts trade show, which includes about 20 Australian companies in a country-specific pavilion. Australian firms, for example, have been aided by their government's Export Market Development Grants (EMDG) funding, which provides financial assistance program for small- and medium-size Australian aspiring and current exporters.

Among the more active third-country producers are BRABUS and AEZ (from Europe); Tokico Performance Shocks and HKS (from Japan); and CROW CAMS, ARB and DYNO DYNAMICS (from Australia).

In addition, Chinese companies have captured a significant portion of the UAE market for low-end, low-cost accessories.

**c. Market Challenges: Laws and Regulations**

**i. China**

The specialty market in China is in its infancy with the market developing rapidly despite a lack of clarity regarding customization laws. A 2004 Chinese law bans all customizations unless approval is obtained. Yet, there is no system to obtain approvals. Following extensive discussions between SEMA and Chinese government officials the Chinese central government, in 2008, it was announced, as a first step, the deregulation of 506 of the 698 accessory and performance product categories. Approved products covered all segments of the industry, including interior and exterior products, motorsports, mobile electronics, off-road, wheels and more. The legality of these products is murky, however, as the original 2004 law has not been amended with the deregulated list and, thus, the two documents appear in conflict. In the latest development, in 2011, the Chinese government has formally asked SEMA to provide technical and legal advice as they explore a more comprehensive and transparent system to regulate the Chinese specialty-equipment market. They seek, with SEMA's assistance, to develop a more transparent regulatory system within the next two years.

Meanwhile German companies and other stakeholders are actively pushing for the adoption of German standards and testing requirements in China. There has been some discussion of plans to translate German regulations into Chinese for adoption in that market. Separately, some Chinese manufacturers have been attempting to obtain government implementation of a quality seal program which they would administer. Both systems would discriminate against U.S. firms. A requirement to test to German standards would drive up the overall costs of the manufacturing and approval process as U.S. companies are required to redesign and test products to new standards and would provide a clear advantage to German and other European companies which already test to these standards. Furthermore, it would limit the sale of products for those items for which German (or new Chinese standards) are not yet developed, very different from the U.S. system which allows the sale of products that don't take the vehicle out of compliance or are explicitly prohibited. Likewise, subjecting U.S. companies to arbitrary Chinese quality

**Specialty Equipment Market Association**  
**SEMA China and The Middle East Specialty Equipment Business Development Program**

seals would add uncertainty, is subjective and would increase the cost to sell into the Chinese market without enhancing safety or emissions goals.

**ii. UAE/GCC**

There are currently no UAE- or GCC-wide laws or regulations governing the ability to customize vehicles. As the market grows, so has growing confusion of what is and is not legal. Local Dubai police have begun cracking down on consumers who customize their vehicles, and local Dubai inspection officials are reportedly failing vehicles due to the presence of specialty products [REDACTED]

In order to bring some transparency and consistency to the market, in March 2011, UAE government officials, specifically the Emirates Authority for Standardization and Metrology (ESMA), signed a Memorandum of Understanding (MOU) with SEMA. The agreement establishes a formal exchange of information between ESMA and SEMA as the UAE government seeks to develop a legal framework to support its fledgling specialty-equipment market. SEMA's support will include providing advice and technical support, conducting joint training courses and workshops in the field and responding to ESMA's requests for market data and information. As a follow-up step, once laws and regulations are designed and approved in the UAE, the government will seek to have this same legal framework approved by the GCC.

As in China, foreign specialty-equipment companies and governments active in the market have been pushing for regulations that would provide an advantage to their firms [REDACTED]

Others frustrated with the lack of clear requirements have called for quality seals in the absence of other solutions. Once again, SEMA seeks to foster the development of a system which doesn't discriminate against U.S. firms.

**(2) Project Description**

SEMA seeks to partner with the DOC to develop a multi-faceted initiative—the China and Middle Specialty Equipment Market Access Program—to provide a range of programs and services designed to facilitate the sales of U.S. products in these regions. We seek to facilitate exports through the creation of networking opportunities for U.S. manufacturers and international buyers and have access to the latest research on opportunities, challenges, vehicle statistics and other data deemed of use to U.S. specialty-equipment manufacturers. In addition, SEMA seeks to address non-tariff barriers such as a lack of clear laws regarding the industry.

The China and Middle East Specialty Equipment Market Access Program activities are grouped into four categories.

- SEMA China and Middle East Business Development Conferences
- Legislative/Regulatory Program

April 27, 2011

MDCP Part 2 - Project Narrative

**Specialty Equipment Market Association**  
**SEMA China and The Middle East Specialty Equipment Business Development Program**

**Third-Country Producers**

Japanese, European and Australian specialty-equipment manufacturers are all active in the UAE and surrounding markets. The Australian government, for example, subsidizes Australian company participation in an automotive parts trade show, which includes about 20 Australian companies in a country-specific pavilion. Australian firms, for example, have been aided by their government's Export Market Development Grants (EMDG) funding, which provides financial assistance program for small- and medium-size Australian aspiring and current exporters.

Among the more active third-country producers are BRABUS and AEZ (from Europe); Tokico Performance Shocks and HKS (from Japan); and CROW CAMS, ARB and DYNODYNAMICS (from Australia).

In addition, Chinese companies have captured a significant portion of the UAE market for low-end, low-cost accessories.

**c. Market Challenges: Laws and Regulations**

**i. China**

The specialty market in China is in its infancy with the market developing rapidly despite a lack of clarity regarding customization laws. A 2004 Chinese law bans all customizations unless approval is obtained. Yet, there is no system to obtain approvals. Following extensive discussions between SEMA and Chinese government officials the Chinese central government, in 2008, it was announced, as a first step, the deregulation of 506 of the 698 accessory and performance product categories. Approved products covered all segments of the industry, including interior and exterior products, motorsports, mobile electronics, off-road, wheels and more. The legality of these products is murky, however, as the original 2004 law has not been amended with the deregulated list and, thus, the two documents appear in conflict

[REDACTED]

[REDACTED]

separately, some Chinese manufacturers have been attempting to obtain government implementation of a quality seal program which they would administer.

[REDACTED]

**Specialty Equipment Market Association**  
**SEMA China and The Middle East Specialty Equipment Business Development Program**



ii. UAE/GCC

There are currently no UAE- or GCC-wide laws or regulations governing the ability to customize vehicles. As the market grows, so has growing confusion of what is and is not legal. Local Dubai police have begun cracking down on consumers who customize their vehicles, and local Dubai inspection officials are reportedly failing vehicles due to the presence of specialty products causing some consumers to “shop” around for more “motorist-friendly” inspectors. Further complicating matters, special privileges exist for a few well-connected installers who are allowed to self-approve the work they perform.

In order to bring some transparency and consistency to the market, in March 2011, UAE government officials, specifically the Emirates Authority for Standardization and Metrology (ESMA), signed a Memorandum of Understanding (MOU) with SEMA. The agreement establishes a formal exchange of information between ESMA and SEMA as the UAE government seeks to develop a legal framework to support its fledgling specialty-equipment market. SEMA’s support will include providing advice and technical support, conducting joint training courses and workshops in the field and responding to ESMA’s requests for market data and information. As a follow-up step, once laws and regulations are designed and approved in the UAE, the government will seek to have this same legal framework approved by the GCC.

As in China, foreign specialty-equipment companies and governments active in the market have been pushing for regulations that would provide an advantage to their firms. Once again, German companies and their advocates have been meeting with local Dubai officials as well as seeking an audience with the GCC standard setting body in order to push for a system based on the German model. Others frustrated with the lack of clear requirements have called for quality seals in the absence of other solutions. Once again, SEMA seeks to foster the development of a system which doesn’t discriminate against U.S. firms.

**(2) Project Description**

SEMA seeks to partner with the DOC to develop a multi-faceted initiative—the China and Middle Specialty Equipment Market Access Program—to provide a range of programs and services designed to facilitate the sales of U.S. products in these regions. We seek to facilitate exports through the creation of networking opportunities for U.S. manufacturers and international buyers and have access to the latest research on opportunities, challenges, vehicle statistics and other data deemed of use to U.S. specialty-equipment manufacturers. In addition, SEMA seeks to address non-tariff barriers such as a lack of clear laws regarding the industry.

The China and Middle East Specialty Equipment Market Access Program activities are grouped into four categories.

- SEMA China and Middle East Business Development Conferences
- Legislative/Regulatory Program

April 27, 2011

MDCP Part 2 - Project Narrative



**Specialty Equipment Market Association**  
**SEMA China and The Middle East Specialty Equipment Business Development Program**

- Export Tool Chest
- SEMA-Show-Related Programs: Bring key media from China and the Middle East to the SEMA Show; provide concierge services to key global buyers, including buyers from China and the Middle East

A detailed workplan of the project is included at the end of this document and is also included in Part 3 – Budget Narrative.

**a. SEMA's One on One Business Development Conferences**

SEMA seeks to partner with the DOC to launch annual conferences in China to bring together U.S. manufacturers with pre-vetted local distributors and retailers for one-on-one meetings and networking opportunities in China and a similar program in the UAE (either Dubai or Abu Dhabi). Participants will also have the opportunity to visit a local trade event and/or shops selling specialty-equipment products and participate in seminars before and during the conference.

In September 2010, SEMA organized a pilot program in Beijing bringing together SEMA-member manufacturers with pre-vetted Chinese-based retailers and distributors for one-on-one meetings. This test event was highly regarded by participating SEMA members and buyers alike. (Attached in the appendix is a recap of this pilot program which includes quotes from participants.) SEMA seeks to run its first full-fledged one-on-one program in China in 2011 and a similar program in the UAE beginning in 2012. We anticipate these both becoming annual events.

Given that the specialty-equipment markets are new in both markets, the laws are only just being created and the distribution system is only being developed, we believe that the one-on-one program is the right-sized program for U.S. specialty-equipment manufacturers. The programs are priced to be less expensive than exhibiting at an overseas trade show (no need for multiple staff, high freight cost and booth set up fees as well as hotels and other trade show-related costs). In addition, all buyers participating in the one-on-one programs are pre-vetted, a big plus in emerging markets. Hotels, meals, an interpreter, in-country travel to meetings and site visits are included. Air fare is additional.

The MDCP grant would be used to subsidize the costs for U.S. companies to participate in the one-on-one programs as well as to assist key buyers from throughout China to participate in the program.

The project will include the creation/maintenance of dedicated websites promoting the China and Middle East one-on-one programs. The sites, which will include online registration for both U.S. companies and the foreign buyers, will be translated, as needed, into appropriate languages (such as Chinese).

**b. Assist in the Development of a Legal and Regulatory Framework for the Specialty Equipment Market**

[REDACTED]

longtime expertise on the legal framework governing specialty-equipment products government officials in these emerging markets can gain technical advice and insight into the most appropriate system to



**Specialty Equipment Market Association**  
**SEMA China and The Middle East Specialty Equipment Business Development Program**

implement in their markets. SEMA is seeking a system with sufficient flexibility to allow the governments to customize the regulations to their own needs, achieve specific safety and emissions goals while doing so in a way that avoids the creation of unnecessary or overly burdensome laws. The creation of a transparent and objective system while accepting self certification to any of the major international requirements are also sought.

SEMA will create an internal team among SEMA Staff to assist with this effort. Those serving on this workgroup include the association's President and CEO, our legal counsel, our director of federal relations and Linda Spencer. We hope to closely with a team at the DOC including DC-based staff including MAC staff as well as staff located in the relevant countries.

**c. Research/Resource Export Tool Chest**

SEMA-member companies are typically founded by an enthusiast who enters the industry because of a love and passion for automobiles. The resulting products are innovative, which attract worldwide demand. Yet these firms often don't have sufficient global sales and marketing knowledge. It's, therefore, a struggle for most member companies to identify which international markets provide the greatest potential in terms of product mix (many specialty products are vehicle-specific), consumer base (with the means and interest to personalize their vehicles) as well as information the products legality. Lastly, it's critical that manufacturers can identify and connect with reliable and capable overseas distributors.

Working closely with the ITA, SEMA seeks to enhance the export tools available to member companies. Several examples of the types of resources/initiatives that could be included in this category are:

- Vehicle registration data to identify which markets already have significant numbers of vehicles on their roads for which the firm already makes product and bring to the United States a vehicle which is popular in numerous key markets, including China and/or the Middle East but not available in the United States. (This would allow U.S. manufacturers needed access to these vehicles for measuring purposes in order to create product);
- Niche market research to identify demand/competition/ for various specialty-equipment subsectors including:
  - Performance products
  - Exterior Accessories
  - Wheel, Tires, Suspension

Or by vehicle application:

- U.S. Brands
- SUVs
- Pickup
- European Brands
- Japanese Brands

**Specialty Equipment Market Association**  
**SEMA China and The Middle East Specialty Equipment Business Development Program**

- Chinese Brands

Or by enthusiast niche including:

- Motorsports
- Street Performance
- Off-Road
- Classic Cars/Vehicle Restoration
- Identification of top distributors and retailers in China and the Middle East by niche
- Arranging for industry experts to brief U.S. manufacturers either in the United States or during the one-on-ones in the UAE or Beijing.

SEMA will provide regular market information developed through the export tool box initiative (and the various other projects within this grant to member companies via regular articles and postings in our various publications, i.e. *SEMA News*, *SEMA eNews* and on the SEMA website, [www.sema.org](http://www.sema.org). The ITA would consistently be credited with being a partner in these initiatives.

**d. SEMA-Show Related Programs:**

**i. Media/Global Media Panel:**

Bring key media from China and the Middle East to the SEMA Show to Serve as Global Media Judges.

Bring Chinese and Middle Eastern journalists to serve as Global Media judges. Media from these two markets have been underrepresented at the Show. The SEMA Global Media Awards Program recognizes that automotive personalization and customization is growing throughout the world. While the industry has strong roots to the United States, the appeal of making cars and trucks to fit one's lifestyle is universal—and growing. Since 2004, the SEMA Global Media Awards Program has been a staple of the SEMA Show. A select number of journalists from some of the industry's top magazines from key countries are asked to select 10 products from the approximately 1,500 new products released at the SEMA Show with the purpose of identifying and discovering which ones are likely to succeed in their home countries. The winners are announced at the association's International Happy Hour taking place during the SEMA Show and attended by more than 1,000 exhibitors and international journalists – making this the largest annual international networking event in the industry.

Exhibitors whose products are selected by this panel of international journalists may discover that there is a strong interest for them in markets outside the United States. Given the knowledge and expertise about the automotive markets in their countries, there is a high probability that the products they identified truly will resonate with consumers in their respective markets.

These journalists typically also write about the winning products, thus, raising overseas brand awareness. Our new effort would proactively seek to add panelists from China and the Middle East to complement existing journalists coming from Europe, Latin America, Australia, New Zealand, South Africa and Canada.

**Specialty Equipment Market Association  
SEMA China and The Middle East Specialty Equipment Business Development Program**

**ii. Buyer Programs:**

SEMA will create programs to attract key buyers from China and the Middle East to the SEMA Show. Working through numerous channels, including overseas business and media contacts, exhibiting at key overseas shows and through our partnership with the ITA. SEMA helps these buyers connect with exhibitors. SEMA will contact these priority buyers pre-Show to assist them in identifying the exhibitors they would like to meet. The association will then pre-arrange one-on-one meetings. Interpreters will be provided as needed.

Its initial field work and research both regions have generated very positive feedback from SEMA members and industry officials alike. We continue to believe that a large number of US companies would benefit from participating in a low-cost, turnkey program which allows them to meet with pre-vetted distributors and retailers to better understand whether their products would be a good fit for the market. For some products there is not a market yet (such as for classic car products) but it is beneficial for US companies to be meeting with distributors and retailers to determine near-term opportunities. Also, for those companies who make product for pickup trucks – once again its important for pickup truck accessory producers to travel to China, understand the market (and its challenges) and while they might have only limited sales at the onset, they can plan to incrementally grow those sales as the challenges (such as a ban of pickup trucks on major roads, the ability to use the pickup truck to tow a trailer which is now banned).

**(3) Performance Measurement**

**ITA measures**

Measure (ITA #)		Goal		Explanation	Reporting Method
		#	\$ Value		
Exporter Class	NTE: New to Export	25		Chances of making sales of those participating in one on ones NTE: 50%, NTM 50%; ITM 50%	All firms sign success agreement to report as a condition of receiving assistance under the MDCP program.
	NTM: New to Market	75			
	ITM: Increase to Market	25			
Export Transactions			\$40,000 average transaction x 63 companies	\$2.52 million	SEMA has conducted member surveys for many years.
Export Transactions Four Years Following Award Period			\$150,000 x 80 companies	\$12 million	
Signing distributor contracts			75 signing agreements		

**Specialty Equipment Market Association  
SEMA China and The Middle East Specialty Equipment Business Development Program**

Exploring potential for market for their product through low-cost one on one programs	Enables companies talk to lots of pre-vetted retailers and distributors as well as other US companies and hopefully avoid costly mistakes				
China market work on leg/reg issues to legalize market	Size of the market between \$6-\$10b US	Exports generated due to standards work 1% of market		\$2 million in sales based on regulations/laws being more pro-market growth/\$6 million in the	
UAE/GCC	Size of the market between \$2 billion US	Exports generated due to standards work 1% of market		\$2 million in sales based on regulations/laws being more pro-market growth during the period of the grant/ \$4 million in the following 4 years	
Success Agreement				Upon signing on to participate in an event (same basic agreement used for each event)	Gather signed document and report to ITA upon receipt of document for all participants
Participation List to ITA				3 weeks prior to each event (5 events)	

**Applicant-designed measures**

<b>Measure</b>	<b>Instances during award period</b>	<b>Explanation</b>	<b>Reporting Method</b>
(1) Create Annual Business Development Conferences	5 Conferences (3 China, 2 UAE)	125 participants over the three-year period	<ul style="list-style-type: none"> <li>• Program registration list</li> <li>• Post event participant questionnaire</li> </ul>
(2) Assist Foreign	Conference calls	Meetings with	<ul style="list-style-type: none"> <li>• Agendas and other</li> </ul>

**Specialty Equipment Market Association  
SEMA China and The Middle East Specialty Equipment Business Development Program**

Governments in Developing Legal and Regulatory Standards	annually, as needed as well as at least one in person annually or as needed	Chinese/UAE/government officials	meeting documentation
(3) Create tools to assist member companies in determining market potential in China and the Middle East and disseminate this information	Provide a minimum of six articles annually to be published in either SEMA's monthly magazine <i>SEMA News</i> and/or our electronic newsletter <i>SEMA eNews</i> and on our website <a href="http://www.sema.org">www.sema.org</a> .		<ul style="list-style-type: none"> <li>• Provide ITA with copies of articles, links on website.</li> </ul>
(4) SEMA Show related programs	Identify key media from China and the Middle East and arrange for their attendance at the SEMA Show to serve as a global media judge. Attract/ key international buyers; assist assistance in meeting with exhibitors/networking opportunities	Bring 8 journalists annually from China/Middle East Attract buyers from these regions to the SEMA Show. Be in contact with a minimum of 50 buyers from the region to invite them to meet with US companies while at the Show.	List of media participants which are part of the MDCP contingent, product selections (top 10 products from the New Products Showcase) selected by each judge; survey of buyers/exhibitors participating in MDCP program.

**(5) Partnership with ITA and other entities**

SEMA looks forward to working with the following ITA staff:

- **Local U.S.-based Commercial services offices.** SEMA has already had the opportunity to participate on a recent call chaired by Eduard Roytberg, Senior International Trade Specialist and Global Automotive Team leader who works out of the Ontario/Inland Empire U.S. Export Assistance Center. SEMA's headquarters is located within the Inland Empire. Roytberg and other DOC staff on the call offered to help promote the one-on-one programs to U.S. companies located within their regions.
- **OTM—the Office of Transportation and Machinery, Automotive Team** has been a fantastic resource for SEMA. This office has been invaluable in helping us respond to member requests as they seek to grow their export business and to channel requests to various overseas posts. Connecting with the right staff not only within the D.C. building, but worldwide. We look forward to this office helping us to coordinate the various projects within the MDCP grant.



**Specialty Equipment Market Association**  
**SEMA China and The Middle East Specialty Equipment Business Development Program**

- **U.S. Consulate General, Dubai, UAE (Robert W. Dunn, Principal Commercial Officer)**—Bob Dunn and his staff have worked tirelessly as we sought to finalize the MOU between SEMA and the UAE government. U.S. Consul General to Dubai Justin Siberell participated in the MOU press event in March 2011. Dunn will be moving shortly to a new post in Qatar. As the goal of the UAE government—and SEMA—is to have regulations favorable to U.S. companies in place throughout the GCC, Dunn can be quite helpful to the organization as we move forward.
- **U.S. Consulate General, Shanghai, China (Gregory Harris, Commercial Officer)**—SEMA has already met with Harris' predecessor Keenton Chang in Shanghai in December who had offered to work with SEMA to identify and encourage buyers from Shanghai and surrounding areas to participate in the SEMA one-on-ones. We will be in touch with Harris shortly as he has now taken over the automotive portfolio.
- **MAC staff—Jim Pruitt, MAC/Office of China and Mongolia; James Cramer, MAC desk officer for Iran Oman, United Arab Emirates and Yemen; and Steven Garrett, MAC desk officer for Bahrain and Saudi Arabia.** We have already met with Pruitt who has supported us as we meet the request by Chinese officials to assist in the development of a legal framework governing specialty-equipment products. Garrett and Cramer have offered to meet with SEMA to discuss playing a similar role in the Middle East.

**(6) Credentials**

**a. Overview**

SEMA currently has 6,157 member companies of which 5402 or 87.74% are U.S. firms (a list of members is available upon request). The association is the largest in the world and the only association in the United States representing the specialty-equipment association.

**b. Staffing**

Linda Spencer, SEMA's director of international relations, will be the project director. (Time devoted to project will be 75 %.) Casey Kooiman, SEMA international market specialist (Time devoted to project will be 75%) will serve as the project assistant. SEMA has created several teams who will work on one or more program components.

Senior Vice President of Operations Bill Miller (Time devoted to project will be 10%) and Vice President of Communications and Events Peter MacGillivray (Time devoted to project will be 15%) will serve in an overall advisory role.

SEMA CEO and President Chris Kersting (Time devoted to project will be 3%), SEMA Senior Director of Federal Government Affairs Stuart Gosswein (Time devoted to project will be 5%) and SEMA General Counsel Russ Deane (consultant—\$30,909 - \$156) will serve on the SEMA MDCP working group on legislative/regulatory issues.

**Specialty Equipment Market Association**  
**SEMA China and The Middle East Specialty Equipment Business Development Program**

SEMA Vice President of Finance and Administration Linda Czarkowski will handle the budget and fiscal reporting related to the MDCP (Time devoted to project will be 3%). She will also handle the one on one program registration fees. Janna Kerro (Time devoted to project will be 5%) will assist Linda Czarkowski on the program registration and meeting the fiscal requirements of the grant.

The marketing team will include: SEMA Vice President of Member Services Tom Myroniak, (Time devoted to project will be 10%); Karen Tuttle, SEMA marketing database manager (Time devoted to project will be 3%) who will be a part of the outreach to member companies and will be involved in the post event surveys; Jeff Kaysen, SEMA senior graphic services manager (Time devoted to project will be 10%) will produce the marketing materials; and Darin Mraz SEMA senior director of information technology (Time devoted to project will be 10%) who will handle the creation and maintenance of the one-on-one business conference websites and the online registration.

**Resumes of Key Personnel**

**Linda Spencer, SEMA Director, International and Government Relations**

Linda Spencer is the director of international and government relations at SEMA. In this capacity, she oversees the association's overseas efforts in key markets around the world including, Europe, China, the Middle East and Latin America. In addition to her trade development responsibilities, Spencer oversees the formulation of the association's policies on international issues and works with industry and governments in these key markets to legalize the use specialty-equipment products. Domestically, she promotes the association's trade relations with the administration. She has been with the association for 17 years. Prior to SEMA, Spencer worked on Capitol Hill where she served as a Senior Legislative Assistant for the Northeast-Midwest Congressional Coalition.

**Chris Kersting, President and CEO**

Chris Kersting became president and CEO of SEMA in July 2002. Kersting began working with SEMA in 1989, serving as general counsel and government affairs representative. Kersting's goals for the Association include 1) supporting member success by raising SEMA's member benefits to best-in-class levels, 2) building the value and excellence of the SEMA Show and other SEMA events and, 3) leading the industry to new business opportunities in domestic and international commerce. His professional credentials include a law degree from Washington College of Law, American University (Washington, D.C.).

**Bill Miller, Senior Vice President of Operations**

William (Bill) Miller brings more than 15 years of industry experience as an innovative, hands-on leader in facility operations, marketing and special-event promotions to SEMA. In his role as Senior Vice President of Operations, Miller is responsible for strategic planning and overseeing day-to-day business initiatives for five departments within the association: events and communications; membership and marketing; market research; information technology; and OE relations.

**Peter MacGillivray, Vice President of Communications and Events**

Peter MacGillivray heads up the communications and events programs for SEMA. This role includes oversight of the association's public relations and publications, which includes the monthly print magazine *SEMA News* and the weekly electronic newsletter *SEMA eNews*. MacGillivray also leads the association's show department, which organizes the annual SEMA Show in Las Vegas and several regional trade shows, international shows and special events throughout the year.

**Specialty Equipment Market Association**  
**SEMA China and The Middle East Specialty Equipment Business Development Program**

Linda Czarkowski, Vice President of Finance and Administration

As vice president of finance and administration for SEMA, Linda Czarkowski leads the association's accounting and facilities departments, and she works closely with the Investment, Audit and Budget committees. In this role, she ensures the overall coordination of the various administrative, financial and maintenance-related services while working to develop processes that meet the needs of SEMA members and staff. Czarkowski has more than 25 years' experience in areas that include accounting, finance and administration.

Tom Myroniak, Vice President of Member Services

Thomas Myroniak is vice president of member services. His ongoing responsibilities include building awareness of, and participation in the association's member programs and services, overseeing the association's education initiatives (including SEI), and managing market research efforts. He also plays a key role in the development of SEMA's web properties and social media strategy.

Stuart Gosswein, Senior Director of Federal Government Affairs

Stuart Gosswein has been affiliated with SEMA for more than 27 years, having worked for both the association and its general counsel office, Trainum, Snowdon & Deane. He specializes in federal legislative and regulatory matters impacting the auto industry and small businesses and intellectual property rights protection.

**(7) Support Letters from U.S. Firms Interested in Participating**

We have received letters from SEMA members have indicated their buy-in to participate in the SEMA's programs in China and/or the UAE. These letters appear at the end of this section.

**(8) Use of ITA Emblem**

Attached at the end of this section is a sample SEMA web page showing the proposed use of the ITA emblem.

**(9) Success Agreement SAMPLE-**

Dear MDCP Program Participant:

The U.S. government estimates that less than 1% of U.S. small businesses currently export, even though there's huge demand worldwide for high-quality, American-made products. SEMA members as a group appear to fare better as a percentage of those that engage in exporting, but this still leaves many untapped opportunities. SEMA has created several initiatives to assist you in exploring the sales potential for your product in two of the fastest-growing and most promising markets: China and the Middle East.

SEMA has teamed up with the U.S. Commerce Department's International Trade Administration (ITA), which has agreed to pay for one-third of the project cost through its Market Development Cooperator Program (MDCP).

**Specialty Equipment Market Association**  
**SEMA China and The Middle East Specialty Equipment Business Development Program**

**Agreement to Participate in SEMA China and Middle East Specialty-Equipment  
Business Development Program**

**1. Benefits**

Thanks to a MDCP award and the partnership with ITA, we are able to provide companies valuable resources to aid your entry into the Chinese and/or Middle East markets. Here are a few of the benefits available to participants:

**2. Subsidy**

SEMA will provide the first 25 companies who qualify with a \$1000 grant to participate on the SEMA one-on-one program.

**3. Ask ITA Questions and Answers**

Thanks to our MDCP partnership, ITA industry specialists, market access professionals and Commercial Service officers based in the United States, China and the Middle East are available to help you get answers to your marketing questions. China and Middle East one-on-one participants are invited to submit inquiries and receive written responses, that thanks to our partnership will the Department of Commerce.

**4. Business Cards**

We'll translate into Chinese business cards for up to three of your employees participating on the China one-on-one program.

**5. Pre-Trip Briefings and Webinars**

Each delegation member will be invited to participate in a “know before you go” seminar. The webinar is designed especially for companies participate on the SEMA one-on-ones. Come away from the one-hour session with a checklist that companies should take as they consider entering China, the Middle East or other foreign markets and other critical check-offs to maximize your upcoming trip.

**6. Keeping Track of How We Are Doing**

Our partner, ITA, is tasked by the U.S. Congress to help U.S. companies be more competitive. One of the proven methods to increasing the health of your firm is to diversify your customer base, which can have the benefit of adding to your bottom line, lead to product improvement and innovative ideas—even in the United States—and better position your firm to ride out future economic downturns. Therefore a good indicator of a firm's competitiveness is a company's exports. SEMA and the ITA want to know how we are doing.

**7. Keeping us Updated**

Participants receiving these subsidies agree to participate in periodic surveys—upon returning to the United States and then quarterly for a one-year period post-event. This information will only be used in

**Specialty Equipment Market Association**  
**SEMA China and The Middle East Specialty Equipment Business Development Program**

the aggregate and as always, proprietary information is never released publicly without your written permission.

- (1) The dollar value and number of Chinese and Middle Eastern bound export sales (deliveries or contracts for goods or services). Please share any information such as a non-proprietary description of the type of good or service sold, its application, steps you took to make the sale, etc.
- (2) Export-related agreements you conclude such as signing an agent or distributor.
- (3) Value of any trade complaint you are able to resolve as a result of help from SEMA or ITA
- (4) Other relevant information you care to share with us such as staff hired or re-assigned to exporting.
- (5) Other examples of your success in developing the Chinese and/or Middle East markets.

**8. Export Achievement Awards**

SEMA members with the highest export success in the Chinese and/or Middle East markets through participation in these SEMA initiatives will be recognized by a top Commerce official and presented with an Export Achievement certificate. I agree to the terms of the participation agreement with SEMA as set forth above.

\_\_\_\_\_  
Company name

\_\_\_\_\_  
Email/Phone

\_\_\_\_\_  
Address

\_\_\_\_\_  
Name

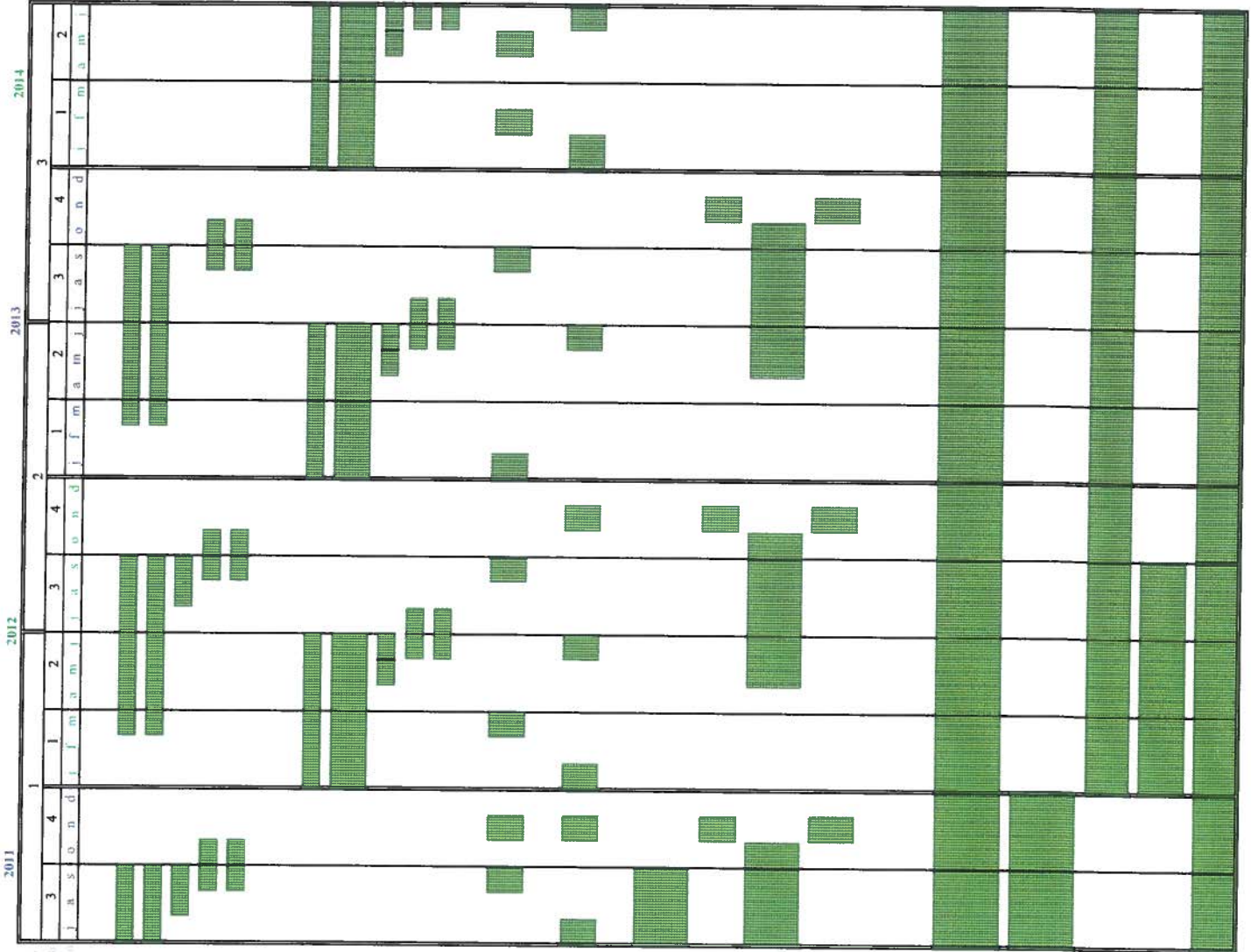
\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



Specialty Equipment Market Association: Work Flow Chart





Date 3/31/2011

Dear MDCP Panel:

My company, Sport Truck USA, based in Coldwater MI, is a member of SEMA. We are eager to increase our sales overseas and look to the association as an important resource in expanding our international customer base. I have participated in past first-rate SEMA international programs which provided our company with exclusive and valuable buyer contacts. SEMA's international programs have also been instrumental in helping us identify growth markets for specialty equipment products and the opportunity to explore, first-hand, the potential for BDS light truck and SUV suspension kits. Our past use of these SEMA resources has helped us to grow our export business. My company would be likely to participate on future SEMA matchmaking programs in China and/or the United Arab Emirates.

Thank you,

Best Regards,

Andy Barbieri  
Vice President of Business Development  
Truck Master Distributing



www.truck-master.com  
andy@truck-master.com

Phone: 973-659-9058

Truckmaster Distributing

Sport Truck USA, Inc  
A Division of Truckmaster Distributing



10001 MEMPHIS AVE. #12, CLEVELAND, OH 44144 TEL: 216 688-8300 FAX: 216 688 0504

March 25, 2011

Dear MDCP Panel:

My company, Prestolite Performance based in Cleveland, OH is a member of SEMA. We are eager to increase our sales overseas and look to the association as an important resource in expanding our international customer base.

I have participated in past SEMA international programs, including SEMA China, which provided our firm with exclusive and valuable buyer contacts. SEMA's international programs have also been instrumental in helping us identify growth markets for specialty equipment products and the opportunity to explore, first-hand, the potential for Prestolite products that are manufactured here in Cleveland, Ohio.

One of our key initiatives over the next 3-5 years is export expansion. As such, we are likely to participate in future SEMA matchmaking programs in China and/or the United Arab Emirates.

Thank you,

Robert J. Brueggling  
VP Sales





March 21, 2011

MDCP Panel  
U.S. Department of Commerce  
Washington, DC

Dear MDCP Panel:

AMSOIL INC. is a member of SEMA, and has participated in SEMA programming designed to assist our company in building its international business. We are committed to a long term effort to build our international business, attempt to leverage our own efforts, with those of organizations similar to yours, and have found SEMA to share both that commitment and a high level of professional sm.

In the past year our company, and I personally, have participated in two SEMA developed and sponsored events designed to connect United States firms with customers abroad. As a result of those efforts, we have enjoyed an increase in our international sales which would otherwise not have occurred. While these initial steps were just that, I believe that an ongoing relationship between AMSOIL and SEMA will enhance our international efforts over time.

SEMA is a strong and professional organizer and an excellent ambassador for U.S. business in general. As you consider programmatic support for entities assisting U.S. businesses with their international expansion objectives, I urge you to give SEMA every possible consideration. If selected for such support, I am entirely confident that SEMA will prove itself worthy.

Thank you for your consideration.

Best regards,

Greg Sandbulte  
Vice President, International Business  
AMSOIL INC.

The First in Synthetics

AMSOIL INC. • AMSOIL BUILDING • SUPERIOR, WISCONSIN 54880 • 715-392-7101 • FAX 715-392-5278



March 22, 2011

Dear MDCP Panel:

My company, Competition Cams, Inc., based in Memphis, TN USA, is a long standing member of SEMA. Competition Cams is eager to increase its sales and visibility in areas outside the US, and look to the association as an important resource in expanding our international customer base. I have participated in several SEMA international programs which provided our firm with exclusive and valuable buyer contacts, as well as valuable insight into these growing markets. SEMA's international programs have been instrumental in helping us identify growth markets for specialty equipment products. These SEMA offered programs have given us at Competition Cams a unique opportunity to explore, first-hand, the potential for expanding our parts distribution into these markets. Our past use of these SEMA resources has helped us to grow our export business and has given us an insight into the cultures of the automotive enthusiast outside our normal US customer base. My company would certainly participate in future SEMA matchmaking programs in China and/or the United Arab Emirates or other emerging markets throughout the world.

Thank you.

Paul Brothers

Competition Cams, Inc.  
3406 Democrat Rd.  
Memphis, TN, 38118, USA  
+1-901-795-2400  
scooter@compcams.com  
www.compcams.com

3406 Democrat Rd Memphis TN 38118  
901.795.2400



March 28, 2011

Dear MDCU Panel:

My company, K&M Engineering, Inc. based in Roseville, CA is a member of the Specialty Equipment Market Association (SEMA) in addition I am also a member of the California Inland Empire District Export Council (CIEDEC) which you may know is a three year position appointed by the Secretary of Commerce under the Department of Commerce. As a result I am actively involved in many events in effort to promote international trade for not only our company but also us in the manufacturing in support of President Obama's National Export Initiative.

K&M is eager to network sales overseas and look to SEMA as an important resource in expanding our international customer base. I have participated in past trade show SEMA international program which provided our firm with exclusive and valuable buyer contacts. SEMA's international programs have also been instrumental in helping us identify growth markets for assembly equipment products and the opportunity to expand into new markets for K&M Engineers, and more specifically, variable voltage automatic and motorcycle air fans and intake systems. Our kind use of these SEMA resources has helped us to grow our export business. My company would be likely to participate in SEMA matchmaking programs in China and/or the United Arab Emirates.

If you have any questions or would like to discuss our business interest in these two markets or any other market, please feel free to contact me directly.

In advance, thank you for your time and consideration.

Best Regards,

Kevin S. Ebbels  
International Sales Manager  
K&M Engineering, Inc.  
1435 China St. East  
Roseville, CA 95757  
Tel: (951) 926-4127  
Fax: (951) 926-0017  
www.kmeng.com



March 27, 2011

Dear MDCU Panel:

My company, Bushwacker, Inc. based in Portland, Oregon is a member of SEMA. We are eager to increase our sales overseas and look to the association as an important resource in expanding our international customer base. I have participated in past SEMA international programs which provided our firm with exclusive and valuable buyer contacts. SEMA's international programs have also been instrumental in helping us identify growth markets for specialty equipment products and the opportunity to explore, test, and the potential for Bushwacker's unique products and related accessories. Our participation in these SEMA resources has helped us to grow our export business. My company would be likely to participate in future SEMA matchmaking programs in China and/or the United Arab Emirates.

Sincerely,

Kenneth G. Merritt  
Vice President of OEM Sales

61001, Cash on file  
ADHL, IND, 09/2005  
41 283 4 43  
TAX 361 251 3007



**MORE POWER! LESS FUEL!**

950 FLORIDA CENTER DRIVE, SUITE 139 • AUSTIN, TEXAS 78701 • U.S.A. • 817.774.4300 • FAX 817.458.8275

Dear MD/CP Panel:

My company, SCF Performance, LLC, based in Longwood, FL, is a member of SEMA. We have always considered the overseas sales market important and look to the association as an important resource in expanding our international customer base. I have participated in past first-rate SEMA international programs which provided our firm with exclusive and valuable buyer contacts. SEMA's international programs have also helped us to understand growth potential and sales trends for tuning products in various overseas locations. Our past use of these SEMA resources has helped us to grow our export business. My company is looking forward to the event this year in China and future events as well as potential matchmaking opportunities in the United Arab Emirates.

  
Richard Linton

President

SCF Performance, LLC

Phone: 407-774-2447 x102

Email: rickl@scflash.com



March 29, 2011

Dear MD/CP Panel,

My name is Edward Rossi, I am the Vice President of Sales for Injen Technology, based out of Pomona, California. We manufacture performance products for the entire automotive aftermarket – in Europe, Asia, Middle East, Australia, Canada, and of course, the domestic United States

As most SEMA member companies, we are always seeking other markets – foreign or domestic. Our particular niche has been in the Sport Compact market, therefore the Asian market was a no brainer. We traveled to Beijing China last year with the 2010 SEMA delegation and were incredibly pleased to find specially automotive markets, similar to the ones in the USA.

During last year's SEMA program in Beijing, we made several contacts that are currently buying our products on a regular basis. We would not have been able to achieve such successes on our own, and have a lot to be thankful for. Our customers in China have embraced our products with open arms, and I can truly say that we have made true friends in China (not just customer accounts).

I look forward to returning to China and we are entertaining similar ventures to the Middle Eastern markets. We feel that these two demographics can produce the highest rate of return, financially as well as driving our brand name awareness.

Respectfully,



Edward H. Rossi

Vice President of Sales

Injen Technology

(909) 839-0706 Ext 207

244 Pioneer Place, Pomona, California 91768  
909-839-0706 - 909-839-0427 fax





MDCP Panel:

Power Sheen Co. is based out of Wilder, ID, is a member SEMA which produces a permanent tire and plastic coating and emergency flat tire fix it kit.

We have participated with SEMA on two International trips to China and have learned the automotive aftermarket and opportunities that our products have in the International Market.

SEMA has proven to me they are not only in the automotive aftermarket equipment but their main strength is its members and their concern for its members to succeed.

They help bring people together to collaborate for benefit of both parties and connecting the participants with as many channels as needed from government to private entities to educate the members of the International Markets.

The trips have been successful with creating business opportunities that align with our target market that allows Power Sheen to expand into the International Markets with confidence.

Power Sheen would like to participate on future SEMA matchmaking programs in China and United Arab markets.

Thank you,

*Ray Gross, CEO – Founder*



*20705 Travis Rd., PO Box 625, Wilder, Idaho 83676  
(208) 482-7379 office 208 482-6419 Fax (208) 880-6070 cell  
RayGross@PowerSheen.com  
Powersheen.com*



**T-Rex Truck Products, Inc.**  
 2355 Baywood Street, Corona, CA 92880 USA  
 Phone: 951-271-1166 Fax: 951-271-3088  
[www.trextrucks.com](http://www.trextrucks.com)

March 25, 2011

Dear MDCP Panel:

My company, T-Rex Truck Products, based in Corona, California is a member of SEMA. We are eager to increase our sales overseas and look to the association as an important resource in expanding our international customer base. I have participated in past first-rate SEMA international programs which provided our firm with exclusive and valuable buyer contacts.

SEMA's international programs have also been instrumental in helping us identify growth markets for specialty equipment products and the opportunity to explore, first-hand, the potential for T-Rex and our full line aftermarket Grilles in the auto industry. Our past use of these SEMA resources has helped us to grow our export business. Currently we do a small amount of exporting to China and UAE and my company would be likely to participate on future SEMA matchmaking programs in both these countries.

Thank you,

Ben Fitzbari,  
 President/CEO  
 Email: [Ben@TrexTruck.com](mailto:Ben@TrexTruck.com)  
 Cell: 714-475-1138



March 24, 2011

Dear MDCP Panel:

My company, Cirard Systems, based in San Clemente, CA is a member of SEMA. We are eager to increase our sales overseas and look to the association as an important resource in expanding our international customer base. I have participated in past first-rate SEMA international programs which provided our firm with exclusive and valuable buyer contacts. SEMA's international programs have also been instrumental in helping us identify growth markets for specialty equipment products and the opportunity to explore, first-hand, the potential for Cirard Systems RV products. Our past use of these SEMA resources has helped us to grow our export business. My company would be likely to participate on future SEMA matchmaking programs in China and/or the United Arab Emirates. If you have any questions or need any additional information, please contact me at (800) 382-8442. Thank you for your consideration.

Kind Regards,

March Cirard  
 CEO  
 Cirard Systems  
 (800) 382-8442 ext. 4014  
[march@cirardfs.com](mailto:march@cirardfs.com)

Circle 14 on Reader Service Card or visit [www.sema.org](http://www.sema.org) #267  
 Toll Free 800-382-8442 • Fax 949-444-1144 • Email 1-766-65-3 • 555-9144

# SEMA MEMBER MANUFACTURER BENEFIT: JOIN US IN CHINA

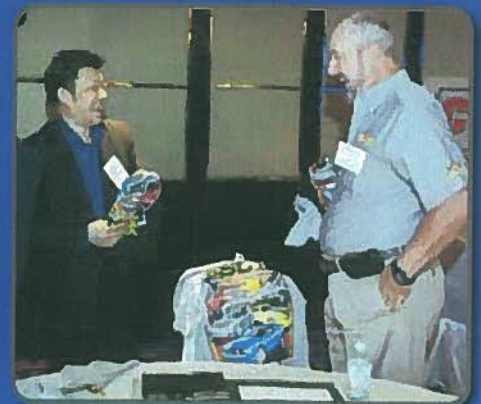
## THE WORLD'S FASTEST-GROWING AUTOMOTIVE MARKET



Meet one-on-one with top Chinese buyers.



Tour the trade-only China International Auto Parts Expo (CIAPE).



Attend networking events.

# SEMA CHINA BUSINESS DEVELOPMENT CONFERENCE

This affordable turnkey SEMA-member manufacturer's-only package includes a professional interpreter, meals and hotel accommodations.

*"Without question there is a market in China for our products."*

—Andy Barbieri, VP of Business  
BDS Suspension

*"We discovered that several of our product categories could be sold in China."*

—Bob Bruegging, Vice President, Sales  
Prestolite Performance

*"Chinese consumers have the performance bug just as bad as we do in the States."*

—Scooter Brothers, COO  
Comp Performance

*"We have established some very positive business contacts and made life-long friends."*

—Ron Delgado, President  
Injen Technology

Reserve one of the limited spots for the SEMA China Business Development Conference at [www.SEMA.org/China](http://www.SEMA.org/China) or contact Linda Spencer at [lindas@sema.org](mailto:lindas@sema.org).

*The conference is endorsed by the Chinese Ministry of Commerce (MOFCOM).*

September 7–10, 2011  
Beijing, China

### SCHEDULE:

Wednesday, September 7  
Networking Reception

Thursday, September 8  
CIAPE Show

Friday, September 9  
One-On-One Meetings  
and Networking Events

Saturday, September 10  
Complimentary Breakfast  
and Departures for the U.S.



**Specialty Equipment Market Association  
SEMA China and The Middle East Business Development Program**

3. Budget

a. Budget for Project Award Period and Supporting Worksheets

The budget for project award periods and other worksheets are provided in this Part 3, Budget. They support and explain the figures reported on SF-424A, which is included in Part 1, Forms.

a. **Financial System**

As shown on the budget for project award period, most, actually 62.2 % of the \$ 1,490,885.00 match is salary and benefits. This works out to about \$309,193 each year. For SEMA this amount will easily be absorbed as part of the \$23.4budget for salary and benefits. Projected program income is \$343,750 over three years.

Non-Personnel Direct Expenses: Activity-Specific Breakdown and Projected Funding Sources

Cat.	Activity	Explanation & Calculation														
		1st Year														
		Fed Share	Non-Fed Share	Pgm Inc		Other		In-Kind	Fed Share	Non-Fed Share	Pgm Inc		Other		In-Kind	
2nd Year		3rd Year														
		Fed Share	Non-Fed Share	Pgm Inc	Other	In-Kind	Fed Share	Non-Fed Share	Pgm Inc	Other	In-Kind	Fed Share	Non-Fed Share	Pgm Inc	Other	In-Kind
	Recruit US companies to participate in the China and UAE one on ones															
Travel (dom)	Recruit US companies to participate in the China and UAE one on ones	220	5	\$1,100.00	\$700.00	\$400.00	1	\$2,200.00								
	Recruit US companies to participate in the China and UAE one on ones	200	4	\$800.00	\$750.00	\$300.00	1	\$1,850.00								
	SEMA Show Related Programs	200	6	\$1,200.00	\$750.00	\$300.00	1	\$2,250.00								
	Log/Reg Program - China/LV	220	4	\$880.00	\$750.00	\$400.00	1	\$2,030.00								
	on log/reg issues															
sub total, domestic travel																
	SEMA China Business Development Conference	220	6	1,320	1,200	200	1	2,720								
Travel (int'l)	SEMA Middle East Business Development Conference	300	6	1,800	1,200	200	1	3,200								
	Sponsor media from China and Middle East to serve on the Global Media Awards (GMA) Panel	150	5	750	1,200	200	8	17,200								
	Bring Chinese buyers from outside Beijing to the SEMA one on ones	150	2		70		20	1,400								
	Bring buyers from surrounding Middle East countries to the SEMA one on ones in the UAE	300	2	400		75	20	9,500								
subtotal, int'l travel																
subtotal, domestic and int'l																
Contractual	China/Middle East log/reg programs															
	SEMA China Business Development Conference															
	Various MDGP programs															
	SEMA Middle East Business Development Conference															
subtotal contractual																
	China Business Development Conferences															
	Middle East Business Development Conferences															
	Export Tool chest - among possible projects															
Other subtotal																
	Bring vehicles not available in US to states for measuring															
	Purchase other statistics/subscriptions/reports															
	China Business Development Conferences															
	Middle East Business Development Conferences															
Program Income subtotal																
GRAND TOTALS																
Travel (dom)																
Travel (int'l)																
Contractual																
Other																
Program Income																
TOTAL																



Specialty Equipment Market Association Personnel

							1st Year				2nd Year				3rd Year								
							Non-Fed Share				Non-Fed Share				Non-Fed Share								
							Cash				Cash				Cash								
							Fed Share	Pgm Inc	Other	In-Kind	Fed Share	Pgm Inc	Other	In-Kind	Fed Share	Pgm Inc	Other	In-Kind					
n	i	j	k	l	m	n	o	p	q	r	s												
Position	Project Work Description	% of time	Ann. Sal.	Allocated Salary	Ann. Increase	Part yr. Adjust																	
		a	b	c=a*b	d	e																	
Director, International and Gov't Relations	Project Director																						
International Market Specialist	Will assist the Project Director																						
Senior VP of Operations	Overall project advisory role - strategic planning																						
VP of Communications and Events	Overall project advisory role - strategic planning																						
CEO and President	will serve on leg/reg team; expert on the US system, lawyer by training																						
Senior Director of Federal Government Affairs	will serve on the leg/reg team; formerly with our General Counsel's office																						
VP of Administration	responsible for budget reporting for the MDCP and one on one registration fees																						
Senior Accounts Payable Bookkeeper	will assist VP of Administration with MDCP requirements and one on one fee collection																						
VP of Marketing	Part of the outreach team to recruit marketing plan/materials/ use of social media to attract US companies and Chinese/Middle East Buyers																						
Database Manager, Marketing Department	Manage promotions, assist VP Marketing																						
Senior Director, Information Technology	Create, maintain customized websites promoting one on one programs and create online registration tools																						
Graphic Services Manager	Create promotional materials (flyers, brochures etc) promoting one on ones and other MDCP programs																						
<b>Total Personnel</b>																							708,080.03

This page includes proprietary information, identified between brackets [], the release of which would cause competitive harm

## Specialty Equipment Market Association

	<u>2010</u>	<u>Indirect</u>	<u>Direct</u>
Salaries	708,080		708,080
Fringe benefits	219,505		219,505
Travel	39,604		39,604
Contracted services	<u>180,000</u>		<u>180,000</u>
<b>Total</b>	<b>1,147,189</b>	<b>0</b>	<b>1,147,189</b>

### Fringe Benefits Rate Calculation

#### Domestic

Fringe benefits	<u>219,499</u>		
Salaries	708,080	=	31.00%

Indirect Cost Rate Calculation			
Indirect Costs	<u>0</u>		
Direct Costs	1,147,189	=	0.00%

## Budget for Project Award Period

With Breakdown of Projected Funding Sources

Categories	Total Expenses for All Years										1st Year					2nd Year					3rd Year				
	Non-Fed Share					Fed Share	Non-Fed Share					Fed Share	Non-Fed Share					Fed Share	Non-Fed Share						
	Pgm Income	Other	In-Kind	Cash			Pgm Income	Other	In-Kind	Cash			Pgm Income	Other	In-Kind	Cash			Pgm Income	Other	In-Kind	Cash			
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p										
<b>DIRECT EXPENSES</b>																									
<b>PERSONNEL</b>																									
1 Domestic	0	708,080	0	0	0	229,085	0	0	0	235,958	0	0	0	243,037	0	0	0	0	243,037	0					
3 TOTAL	0	708,080	0	0	0	229,085	0	0	0	235,958	0	0	0	243,037	0	0	0	0	243,037	0					
<b>FRINGE BENEFITS</b>																									
4 Dom. (Rate=)	0	219,505	0	0	0	71,016	0	0	0	73,147	0	0	0	75,341	0	0	0	0	75,341	0					
<b>TRAVEL</b>																									
7 Domestic	0	24,990	0	0	0	8,330	0	0	0	8,330	0	0	0	8,330	0	0	0	0	8,330	0					
8 International	74,800	14,560	0	18,600	0	2,720	0	28,100	0	5,920	0	28,100	0	5,920	0	28,100	0	5,920	0	5,920	0				
12 CONTRACTUAL	120,000	180,000	0	40,000	0	60,000	0	40,000	0	60,000	0	40,000	0	60,000	0	40,000	0	60,000	0	60,000	0				
13 OTHER	305,200	0	0	85,000	0	0	0	110,000	0	0	0	110,000	0	0	0	110,000	0	0	0	0	0				
Program Income	343,750	68,750																							
<b>TOTAL DIRECT</b>	500,000	343,750	439,055	143,600	68,750	142,066	0	178,100	137,500	147,397	0	178,100	137,500	147,397	0	178,100	137,500	147,397	149,591	0					
14 Sum from above																									
15 Sum of all direct columns	Sum line 16 columns a, b, c, d					Sum line 16 columns e, f, g, h					Sum line 16 columns i, j, k, l					Sum line 16 columns m, n, o, p									
<b>INDIRECT EXPENSES</b>																									
16 Indirect (Rate=)	0.00%	0																							
17 Percent of Total (line 20)	0.0%	0.0%																							
<b>TOTAL</b>	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p									
Personnel salary	708,080					229,085					#####					243,037									
Dir.+Indir.	219,505					71,016					73,147					75,341									
18 Dir.+Indir.	499,800	343,750	439,055	143,600	68,750	142,066	0	178,100	137,500	147,397	0	178,100	137,500	147,397	0	178,100	137,500	147,397	149,591	0					
19 Percent of Total (line 20)	39.0%	26.8%	34.2%	0.0%																					
<b>All Expense Columns</b>																									
20 Total	Sum line 16 columns a, b, c, d					Sum line 16 columns e, f, g, h					Sum line 16 columns i, j, k, l					Sum line 16 columns m, n, o, p									
	1,282,605					354,416					462,997					465,191									

Note: Explain calculation of each category in separate worksheets and narratives as appropriate.



中国际汽车零部件博览会  
CHINA INTERNATIONAL AUTO PARTS EXPO

开幕  
OPI



## Selling to the World's Most Populous Country

### 21 SEMA-Member Manufacturers Explore New Market Opportunities in China

Distributors and retailers from throughout China gathered in Beijing to meet with 21 SEMA-member companies that were participating in the first SEMA China Business Development Conference. The hotel-based program held in Beijing in September was built around a series of one-on-one meetings with pre-selected Chinese buyers who traveled to the event from cities throughout China, including Beijing, Shanghai, Ha'erbin in the far north, Guangzhou in the south and Hubei in the center of the country.

In addition to the pre-scheduled meetings, the program included a number of networking events and a day at the fourth annual edition of the China International Auto Parts Expo (CIAPE) automotive aftermarket trade show sponsored by the Ministry of Commerce, which was taking place at a nearby venue. The delegation was invited

to the kick-off event, including a dinner at the Great Hall of the People, which serves as China's parliament building and is located on the western side of Tiananmen Square.

"Connecting buyers with manufacturers is one of the fundamental roles that the association plays in domestic and global markets," said SEMA Vice President of Communica-

■ The SEMA delegation participated in the opening ceremonies of the China International Auto Parts Expo (CIAPE). The 21 SEMA-member companies went on opening day of the fourth annual show, a trade-only event.

tions and Events Peter MacGillivray, commenting on the purpose of the trip and the role of the association in fostering international business for its members. "We've known for a long time that a market for our industry is developing in China. It was exciting to see our members take an important step in developing the industry in this growing marketplace."

SEMA President and CEO Chris Kersting added: "Ninety-five percent of the world's





■ The SEMA delegation was invited to dinner at the Great Hall of the People. This venue, on the west side of Tiananmen Square, is the site of some of the most important political and diplomatic activities in China. The SEMA delegation was greeted at the Great Hall by Zhang Ji, Ministry of Commerce director-general of the department of mechanics, electronics and high-tech industry.

consumers live outside of the United States. The recent SEMA CIAPE China Business Development Conference provided a low-cost venue for our members to explore selling to some of these buyers located in the world's most populous country. With 21 SEMA-member companies participating in the program's first year and the majority of participants expecting to realize some sales in China within the next 12 or so months, I believe the program was a success."

Kersting noted that the market is not without hurdles but that the long-term outlook is positive if these issues are addressed. "The Chinese market for accessories and performance products is new, and key issues and concerns that hamper or could hamper its growth need to be addressed," he said. "Concerns over intellectual property rights, distribution logistical problems and the need for greater progress in legalizing specialty-equipment products are among the hurdles most often identified. But given the possibilities in this market, I believe it is imperative that SEMA members explore the market firsthand during these early days in its development so as to be in a competitive position to reap the benefits as the sector grows."

SEMA Chairman Rick Rollins noted the optimism of the group. "Everyone I talked with after the meetings had good, positive feelings," he said. "The one-on-one meeting concept really worked. Our member manufacturers got to meet face-to-face with Chinese businesses wanting to buy their products for selling and installing in the Chinese markets. The Chinese buyers' businesses got a much better glimpse of what we are looking for in the distribution and marketing of our products in China."

Rollins expects that next year's event will be even larger. Indeed, if the initial survey of participants is any indication, the future looks bright. Nearly all of the companies noted that they developed strong leads at the event. In fact, 100% of the companies participating in the survey noted that they were likely or very likely to do business in China within the next 12 months. Nearly all of the companies plan to be back at the event next year, and enthusiasm was high to run a similar program in other key world markets.

For more information on SEMA's China program or the association's international resources, e-mail SEMA Director of International Relations Linda Spencer at [lindas@sema.org](mailto:lindas@sema.org).

### SEMA Members That Participated in the First SEMA China Business Development Conference

- AEM Performance Electronics
- Amsoil Inc.
- BDS Suspension
- Bilstein
- Bushwacker Inc.
- Comp Performance Group
- Delta Tech Industries LLC
- eBay Motors, eBay Inc.
- Eibach Springs Inc.
- Girard Systems
- Holley Performance Products Inc. (USA)
- Injen Technology
- K&N Engineering Inc./AEM Intake Systems
- Nitto Tire U.S.A. Inc.
- Performance Motorsports Inc.
- Powersheen
- Prestolite Performance
- Rennen International/Donz Wheelz
- SCT Performance
- StopTech
- Wheel Pros LLC





■ SEMA President and CEO Chris Kersting (left) chatted with Famous Rhodes, director of eBay Motors, eBay Inc.—one of 21 SEMA companies that participated in the first SEMA CIAPE China Business Development Conference.



■ SEMA Chairman Rick Rollins, who is president of Rollins Performance Marketing, checked out the project vehicles at CIAPE.



■ Jeremy Barras (second from right), representing AEM Electronic products—a California-based manufacturer of performance electronics, gauges, controllers and other performance products—as well as StopTech—a manufacturer of high-performance brake systems for the racing and street-performance markets—talked with several buyers who sought him out during the networking breakfast.



■ Florida-based SCT's Rick Trudo (right) and Mike Rogers (second, right) met in one-on-one discussions with buyers from throughout China who are increasingly seeking underhood products, such as ECUs, as engine performance grows in popularity.



■ SCT's Trudo presented some distributors with SCT shirts. "At SCT, we see China as one of our targeted markets," he said, "and this trip justified our belief in that. I honestly believe that the growth opportunity there is bigger than what we have today, if done right."



■ SEMA Vice President of Marketing and Member Services Tom Myroniak (right) exchanged business cards with Albert Liu, president of Carboxing.





■ Trip participant and SEMA Chairman-Elect Scooter Brothers (right), COO of Comp Performance Group, talked with representatives of a Beijing-based retail business. "Prior to this SEMA conference, I still wasn't sure if our future was going to be buying or selling in China," he said. "After meeting one on one with some of the 'real' performance parts guys, it's becoming clear that there will be a Chinese market for performance aftermarket parts. The meetings we had put us face to face with some of the early players in the Chinese automotive market, and it looks like they have the performance bug just as bad as we do in the States. Now we have the first step and can go back next year with a clear direction and put some meat on the skeleton. That is clear to us now."



■ Gino Jiang of Team Jr. (left) posed with SEMA's Chris Kersting, proudly displaying a certificate he received recognizing his company's participation in the 2010 CIAPE SEMA China Business Development Conference.



■ Bob Bruegging (left) and Danny Chen (second, left) of Prestolite Performance answered questions posed by Chinese buyers during a one-on-one session. Prestolite makes flywheels, gaskets, heat shields and distributors, among other racing, performance and appearance products for U.S., Japanese and European vehicles. "Prestolite Performance made the trip to China as part of the SEMA contingent to learn about the state of the performance market and potential distribution partners that may be in place or that could be organized to perform such a role," said Bruegging. "We also were curious about how many of our current product lines and actual products could be sold into this market. What we discovered was very encouraging to us. Several of our product categories can be easily adapted to the market in China, and we believe that the market will evolve rather quickly. Chinese laws have changed over the past several years, and personalization of vehicles is taking place right now. As discretionary income rises, so will the 'want' to personalize vehicles. It is the right time to make things happen."



■ In addition to attending one-on-one meetings, each SEMA manufacturer participated in networking events, such as the one pictured at which Eibach's Julian Gil (second, right) chatted with a Beijing-based retailer.



■ Girard Systems CEO Marcia Girard discussed the China market and her company's full line of accessories for recreational vehicles with a local buyer at the SEMA CIAPE program while National Director of Sales Major Pogue (middle) looked on.





■ From right: Nitto's Tanaka; Gloria Miyamoto, marketing manager; and Conrad Galamgam, tech department senior director, talked with a local buyer about Nitto's products. The three traveled to China to explore the market for high-performance off-road, street and competition tires.



■ SEMA's Bill Miller signaled to BDS' Vice President of Business Andy Barbieri (second, right) that five minutes remained before the next meeting. Each SEMA manufacturer met with pre-vetted buyers in 35-minute one-on-one sessions. Barbieri was in China to determine how Chinese retailers and distributors go to market and also to gauge how big the demand for BDS suspension products is in China. At the conclusion of the trip, he noted that there was definitely a market for the company's products. "I was surprised at the level of enthusiasm from the buyers we met with to source American-made lift and leveling kits that their consumers are asking them to import into China," he said.



■ SEMA's International Director Linda Spencer posed with Eibach Springs CEO Wilfred Eibach at the conclusion of a one-on-one meeting.



■ Ray Gross (second, left) of Powersheen answered questions about his company's products at an informal session with media.



■ Ray Gross (right), president of Idaho-based Powersheen, talked with buyers interested in learning more about his tire-coating products.

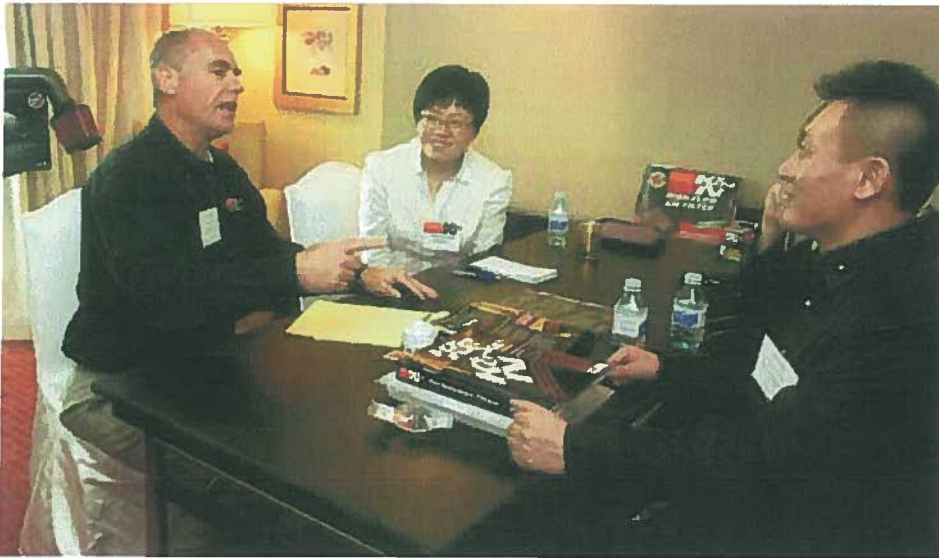


■ A distributor examined Injen's products as Ron Delgado (in red), the company's president, explained Injen's air intake system features during a 35-minute one-on-one meeting. Nine of these sessions were held back to back, but many SEMA manufacturers met with many more buyers throughout the day due to the high number of buyers interested in meetings with SEMA participants. "I can't say enough about our trip to China," Delgado said. "I never imagined that this country would be so full of life and brimming with trendy people driving all makes and models of cars. Beijing is a jungle of modern high-rises, buzzing with activity 24/7. The volume of traffic is insane. It is definitely a new frontier for Injen to explore and conquer. We have established some very positive business contacts but, more importantly, we have made some life-long friends. The future looks very promising in China. This is just the beginning of our commitment to take the Chinese market by storm!"



■ Kenneth Merritt (middle), Bushwacker's vice president of OEM sales, saw great potential for his company's products in China. The Oregon-based company manufactures fender flares and other products for Jeeps and other light trucks. "My goals while in China with the SEMA delegation were to connect with existing customers and meet new ones," said Merritt. "I was very pleased with the results. The one-on-one scheduled meetings with Chinese buyers that were coordinated by SEMA went very well because of the pre-screening. All of the buyers we met with were a great fit for our products. The Chinese market for Bushwacker fender flares continues to grow, and I continue to expect our sales in China to grow at a faster rate than our domestic market due to the rapid growth in demand."





■ Each company was provided with a private meeting room and a series of 35-minute meetings with pre-screened buyers. Kevin Floody (left), the international business manager for K&N Performance/AEM Air Intake Systems, is shown here in a one-on-one meeting. "I was very impressed with how fast the China market has grown over the past few years, especially since my initial visit in early 2008," Floody said. "We were mainly looking to see what other opportunities may exist for our products, since China is such a large country with great growth potential. This SEMA-sponsored trip was a great way to evaluate interested companies in a narrowed focus. For K&N, the opportunities appear to be endless. I was amazed at how many companies already know the brand and want to have access to it."



■ Greg Sandbulte (second, left), vice president of international business at Amsoil, spoke with buyers about the company's wide selection of synthetic oils.



■ Steve Kelly (middle), vice president for business development at Performance Motorsports, and James Moore (second, left), a director at the firm, chatted with buyers about the range of their company's products, which includes pistons and other engine-related components for the motorsports and powersports markets. "There is a lot of word of mouth about the performance aftermarket [in China]," Kelly said. "Luckily, there is a lot of cash available in the bigger cities. How long did it take the U.S. market to get here from the industrial revolution—60 or 70 years? It took China 20 years. Speed-to-market is faster in



■ Buyers traveled from throughout China to participate in the SEMA CIAPE China Business Development Program. Holley's Shanghai representative, Gang Chen (right), discussed the Kentucky-based company's performance and replacement engine products with a buyer from northeastern China.



■ Bogdan Durian, president and CEO of Delta Tech Industries, and his wife, Olga at the opening reception. Delta Tech is a manufacturer of automotive lighting for a number of light trucks, including the Jeep Wrangler, which is very popular in China. "My primary motivation to join SEMA's conference in China was to explore firsthand the opportunities that this vast market and rapidly emerging economy had to offer for American-made off-road and accessory lighting products," Bogdan said. "Our goal was to define the market and to identify prospective customers through SEMA's pre-arranged conferences and by attending the CIAPE automotive show. All my goals were realized beyond my expectations. We are now in the process of setting up two or three distributors in Shanghai and the Beijing area. I definitely feel that there is a good market potential for high-quality American-made specialty products in each vehicle-specific niche. There is a great appreciation among the more affluent younger Chinese generation for good-quality American and European products.



■ Jeremy Barras' (second, right) schedule was packed with buyers interested in AEM Electronics and StopTech, the two brands he represented at the show.





■ Volker Wegerhoff (second, right), head of sales for Bilstein, and Martin Hyar (right), the firm's regional sales manager, discussed their line of shock absorbers and struts with buyers from all over China.



■ Kerry Wang (far left), president of the China division of Rennet/Donz Wheels, spoke with buyers in a one-on-one meeting. The company manufactures forged and cast wheels for high-end vehicles.

■ From right: Eibach Springs Inc. China-based President Fong Yuen Wai, the company's CEO, Wilfred Eibach, and General Manager of Eibach U.K. Julian Gil met with buyers eager to source products from the company.





■ Gary Kong (right), director of international sales for American Racing/Wheel Pros, talked with a Shanghai-based company before the start of the one-on-one meetings. Kong's company makes products for Jeeps and other off-road vehicles, among other applications. "The desire for high-quality, reputable-branded auto parts from Chinese consumers is high," Kong said. "The quantity of customers who can afford premium goods for their vehicles is growing fast. However, knock-offs, unauthorized sales from sub-contractors, lack of industrial and safety standards, variances in law enforcement and the highly competitive environment all pose challenges in exploring this big potential market."



■ David Thawley of eBay Motors (far right) provided an overview of the company to potential customers as Famous Rhodes, Director of eBay Motors, looked on.



■ SEMA Senior Vice President of Operations Bill Miller (right) chats with Post Release's Tyler Tanaka, who is also the account executive for trip participant NITTO Tires as well as the chair-elect of the SEMA Street Performance Council. Commenting on the structure of this year's SEMA trip to China, Miller noted, "The one-on-one meetings provided both the SEMA manufacturers and Chinese distributors and retailers great insight and a better understanding on how to capitalize on the immediate and long-term opportunities in China."



■ Jennifer Chang (middle), senior manager of eBay Motors, talked with the Beijing-based staff of a Hong Kong firm. "For eBay, Asia has always been a great place to source low-cost replacement parts to sell to U.S. consumers," Chang said. "But after going on this trip, I realized what a huge opportunity there is for U.S. aftermarket brands to sell to Chinese consumers as well. Given that eBay is a global marketplace, we want to help facilitate this kind of trade between U.S. and Chinese aftermarket companies. I came on the SEMA trip hoping to meet potential partners for eBay, and I have come away with a great list of contacts to follow up with after speaking with various Chinese manufacturers and buyers as well as a much better understanding of just how big the opportunity is in China."



■ Ron Coleman, CEO of Comp Performance Group, talked with Peter MacGillivray (right), SEMA's vice president of communications and events, in a ceremonial room at the Great Hall of the People.



**SEMA** INTERNATIONAL

By Linda Spencer

# United Arab Emirates Seek to Create Pro-Business System

## SEMA Asked to Assist in Developing Regulations for Specialty Automotive Market

The United Arab Emirates (UAE) is less than 40 years old and known as one of the most vibrant and passionate car-enthusiast markets in the world. Dubai, Abu Dhabi and the five other Emirates that make up the UAE offer exciting vehicle customizing markets by many measures. Per capita, the country boasts the largest number of motorsports facilities in the world, and a quick drive in Dubai or Abu Dhabi will delight any gearhead with the wide variety of customized vehicles plying its modern roads.


"Consumers go to great expense to have that one-of-a-kind customized ride," said

Roman Gavrilin of the Middle East Motor Tuning Show (MEMTS). "I see a lot of passion to customize cars because they are something people here are proud of. I would say that we have huge potential growth here, which is supported by quite high disposable income."

In fact, the UAE had one of the world's highest per capita disposable incomes in 2010. With the funds to pursue their hobby and low gas prices, consumers searching for products to personalize their luxury and sport-compact cars and light trucks are bringing savvy U.S. and other global companies to the market.

Companies interested in exploring this market might consider exhibiting or visiting the upcoming Automechanika Middle East show in Dubai June 7-9. SEMA will have a booth at this trade-only event featuring more than 1,000 exhibitors.

The UAE is also a strategic gateway to the Middle East. Geographically the size of Portugal, its long coastline and strategic location have made the country a viable route to providing product to others within the Gulf Cooperation Council (GCC), a political and economic union involving six Arab states, which include Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.



■ Off-roading on the sand dunes is also extremely popular, ranging from well-organized mega events at the Desert Challenge to car clubs and individuals who go out on the dunes over the weekend and then buy new products during the week.



## Executive Summary

- Government officials in the UAE have announced an initiative to develop laws and regulations to support and legitimize their fledgling automotive specialty-equipment market and have asked for SEMA's assistance in creating that system.
- The Emirates Authority for Standardization and Metrology (ESMA) recently signed a memo of understanding with SEMA in recognition of the growing importance of the specialty-equipment market in the UAE.
- Government officials, noting that there are currently no UAE-wide regulations governing the customization market, are seeking to benefit from SEMA's experience in working closely with regulators in the United States and worldwide as they seek to create a legal framework that allows the attainment of safety and environmental goals without excessive market-hindering restrictions.



Courtesy Kevin Lee, Mid Art Media

■ Sales of the Chevy Cruze are strong in the UAE, said Mitch Perera, sales and marketing manager of Liberty Motorsports, and U.S. companies are invited to fill a growing demand for products to customize the popular compact vehicle, which is sold in more than 60 countries and enjoys strong sales in the UAE. Perera noted that few modifications are currently available to the Cruze despite demand because of a shortage of appealing products. Particularly in demand are body kits, wheels and tires and lowering kits.

In recognition of the central role played by the UAE in the GCC and other Middle East countries, Ford, Chrysler and GM all have their Middle East headquarters in the UAE and view the it as an important market.

However, a major deterrent to growth in the absence of UAE-wide regulations



■ Emirates Authority for Standardization and Metrology Acting Director General Mohamed Badri (center) and SEMA Vice President of Communications and Events Peter MacGillivray (left) joined U.S. Consul General Justin Siberell at the recent signing in Dubai of a memo of understanding with SEMA in recognition of the growing importance of the specialty-equipment market in the UAE.



■ With the enjoyment of vehicles so central to the UAE, it is perhaps fitting that the UAE's National Day celebrations in early December were marked with, among other events, a classic car show. The show featured hundreds of vehicles from around the world and wound its way down the Emaar Boulevard. Luxury cars and SUVs are seen in the UAE as a status symbol. Pictured here is a lovingly restored '26-'27 Ford model T on display at the recent Dubai ESMA-SEMA signing.

regarding customization is law enforcement stopping customized vehicles on the roadway or failing consumers at annual inspections due to the presence of upgraded styling or performance products, particularly in Dubai. Customizing the approximately 8.7 million vehicles that are on the road in the Gulf region (with about 2.6 million registered in the UAE) is made more difficult due to uncertainty about what is allowable.

Zlatko Mulabegovic, managing director and editor of Dubai-based *Top Performance* magazine, said that the development of clear laws and regulations would have a tremendous impact on aftermarket business, giving

business owners the much-needed confidence to stock legal products and providing end users with peace of mind when installing legal performance products on their vehicles. Mitch Perera, sales and marketing manager of Liberty Motorsports, agreed with that assessment.

"Specialty-equipment products are an important element of our business here in the Emirates," Perera said. "This work is addressing our business and the interests of our customers."

For more information on the UAE market, contact SEMA Director of International Relations Linda Spencer at [lindas@sema.org](mailto:lindas@sema.org).

**Application for Federal Assistance SF-424**

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): _____ * Other (Specify): _____
--	--	--

* 3. Date Received: 04/27/2011	4. Applicant Identifier: _____
-----------------------------------	-----------------------------------

5a. Federal Entity Identifier: _____	5b. Federal Award Identifier: _____
---	--

**State Use Only:**

6. Date Received by State: _____	7. State Application Identifier: _____
----------------------------------	--

**8. APPLICANT INFORMATION:**

\* a. Legal Name: Specialty Equipment Market Association

* b. Employer/Taxpayer Identification Number (EIN/TIN): 952544340	* c. Organizational DUNS: 0722822470000
--	--

**d. Address:**

\* Street1: 1575 South Valley Vista Drive  
Street2: \_\_\_\_\_  
\* City: Diamond Bar  
County/Parish: \_\_\_\_\_  
\* State: CA: California  
Province: \_\_\_\_\_  
\* Country: USA: UNITED STATES  
\* Zip / Postal Code: 91765-0910

**e. Organizational Unit:**

Department Name: _____	Division Name: _____
---------------------------	-------------------------

**f. Name and contact information of person to be contacted on matters involving this application:**

Prefix: \_\_\_\_\_ \* First Name: Linda  
Middle Name: \_\_\_\_\_  
\* Last Name: Spencer  
Suffix: \_\_\_\_\_

Title: Director, International and Gov't Relations

Organizational Affiliation:  
SEMA - Specialty Equipment Market Association

\* Telephone Number: 301 231-7695 Fax Number: \_\_\_\_\_

\* Email: lindas@sema.org

**Application for Federal Assistance SF-424**

**\* 9. Type of Applicant 1: Select Applicant Type:**

N: Nonprofit without 501C3 IRS Status (Other than Institution of Higher Education)

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

\* Other (specify):

**\* 10. Name of Federal Agency:**

Department of Commerce

**11. Catalog of Federal Domestic Assistance Number:**

11.112

CFDA Title:

Market Development Cooperator Program

**\* 12. Funding Opportunity Number:**

ITA-MAS-OPCM-2011-2002910

\* Title:

Market Development Cooperator Program 2011

**13. Competition Identification Number:**

2217716

Title:

**14. Areas Affected by Project (Cities, Counties, States, etc.):**

Add Attachment

Delete Attachment

View Attachment

**\* 15. Descriptive Title of Applicant's Project:**

SEMA China and Middle East Business Development Program

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments



**Application for Federal Assistance SF-424**

**16. Congressional Districts Of:**

\* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

**17. Proposed Project:**

\* a. Start Date:

\* b. End Date:

**18. Estimated Funding (\$):**

* a. Federal	<input type="text" value="500,000.00"/>
* b. Applicant	<input type="text" value="1,147,135.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="343,750.00"/>
* g. TOTAL	<input type="text" value="1,990,885.00"/>

**\* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

**\* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

- Yes
- No

If "Yes", provide explanation and attach

**21. \*By signing this application, I certify (1) to the statements contained in the list of certifications\*\* and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances\*\* and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

\*\* I AGREE

\*\* The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

**Authorized Representative:**

Prefix:  \* First Name:   
Middle Name:   
\* Last Name:   
Suffix:

\* Title:

\* Telephone Number:  Fax Number:

\* Email:

\* Signature of Authorized Representative:  \* Date Signed:

**BUDGET INFORMATION - Non-Construction Programs**

**SECTION A - BUDGET SUMMARY**

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. MDCEP	11.112	\$	\$	\$ 500,000.00	\$ 1,490,885.00	\$ 1,990,885.00
2.						
3.						
4.						
5. Totals		\$	\$	\$ 500,000.00	\$ 1,490,885.00	\$ 1,990,885.00

**SECTION B - BUDGET CATEGORIES**

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			Total (5)
	(1) MDCP	(2)	(3)	
a. Personnel	\$ 708,080.00	\$	\$	\$ 708,080.00
b. Fringe Benefits	219,505.00			219,505.00
c. Travel	114,350.00			114,350.00
d. Equipment	0.00			
e. Supplies	0.00			
f. Contractual	300,000.00			300,000.00
g. Construction	0.00			
h. Other	305,200.00			305,200.00
i. Total Direct Charges (sum of 6a-6h)	\$ 1,647,135.00			\$ 1,647,135.00
j. Indirect Charges				\$
k. TOTALS (sum of 6i and 6j)	\$ 1,647,135.00	\$	\$	\$ 1,647,135.00
7. Program Income	\$ 343,750.00	\$	\$	\$ 343,750.00

Authorized for Local Reproduction

Standard Form 424A (Rev. 7-97)  
Prescribed by OMB (Circular A -102) Page 1A

**SECTION C - NON-FEDERAL RESOURCES**

(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8. MDCP	\$ 1,147,135.00	\$ 0.00	\$ 0.00	\$ 1,147,135.00
9.				
10.				
11.				
12. TOTAL (sum of lines 8-11)	\$ 1,147,135.00	\$	\$	\$ 1,147,135.00

**SECTION D - FORECASTED CASH NEEDS**

Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$	\$	\$	\$
14. Non-Federal	\$	\$	\$	\$
15. TOTAL (sum of lines 13 and 14)	\$	\$	\$	\$

**SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT**

(a) Grant Program	FUTURE FUNDING PERIODS (YEARS)			
	(b) First	(c) Second	(d) Third	(e) Fourth
16.	\$	\$	\$	\$
17.				
18.				
19.				
20. TOTAL (sum of lines 16 - 19)	\$	\$	\$	\$

**SECTION F - OTHER BUDGET INFORMATION**

21. Direct Charges: Dom fringe benefits 31%	Applied to total direct charges 0%
22. Indirect Charges:	
23. Remarks:	

Authorized for Local Reproduction

## ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

**PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.**

**NOTE:** Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee- 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.



9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

<p>* SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL</p> <p>Linda Spencer</p>	<p>* TITLE</p> <p>Director, International and Gov't Relations</p>
<p>* APPLICANT ORGANIZATION</p> <p>Specialty Equipment Market Association</p>	<p>* DATE SUBMITTED</p> <p>04/27/2011</p>

Standard Form 424B (Rev. 7-97) Back

Applicants should also review the instructions for certification included in the regulations before completing this form. Signature on this form provides for compliance with certification requirements under 15 CFR Part 28, 'New Restrictions on Lobbying.' The certifications shall be treated as a material representation of fact upon which reliance will be placed when the Department of Commerce determines to award the covered transaction, grant, or cooperative agreement.

**LOBBYING**

As required by Section 1352, Title 31 of the U.S. Code, and implemented at 15 CFR Part 28, for persons entering into a grant, cooperative agreement or contract over \$100,000 or a loan or loan guarantee over \$150,000 as defined at 15 CFR Part 28, Sections 28.105 and 28.110, the applicant certifies that to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, 'Disclosure Form to Report Lobbying,' in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure occurring on or before October 23, 1996, and of not less than \$11,000 and not more than \$110,000 for each such failure occurring after October 23, 1996.

As the duly authorized representative of the applicant, I hereby certify that the applicant will comply with the above applicable certification.

**\* NAME OF APPLICANT**

Specialty Equipment Market Association

**\* AWARD NUMBER**

2217716

**\* PROJECT NAME**

SEMA China Middle East Business Development Program

Prefix:

\* First Name:

Middle Name:

Linda

\* Last Name:

Suffix:

Spencer

\* Title: Director, International and Gov't Relations

**\* SIGNATURE:**

Linda Spencer

**\* DATE:**

04/27/2011