

PROJECT NARRATIVE

a. Executive Summary

Applicant

Specialty Equipment Market Association (SEMA)
Diamond Bar, CA / www.SEMA.org

ITA and Other Federal Collaborators

(staff with a logical stake in project success)

Industry and Analysis

Office of Transportation & Machinery/Automotive Team

(Tom Sobotta, Automotive Team Leader; Elizabeth Couch, International Economist; Elena Mikalis, Senior Policy Analyst)

Global Markets

- U.S. Embassy-Abu Dhabi, United Arab Emirates (John Simmons, Commercial Counselor)
- U.S. Consulate General-Dubai, United Arab Emirates (Robert Bannerman, Principal Commercial Officer)
- U.S. Embassy-Beijing, China (Joshua Halpern, Commercial Officer and Daniel Green, Director, Trade Facilitation Office)
- U.S. Consulate General-Shanghai, China (Terri Tyminski, Commercial Officer)
- U.S. Embassy-Moscow, Russia (Robyn Kessler, Commercial Attaché –Moscow, and Acting Commercial Counselor – Kazakhstan)
- U.S. Embassy-Minsk, Belarus (Patrick Walsh, Office of Russia, Ukraine and Eurasia at headquarters)
- U.S. Embassy-Baku, Azerbaijan (Michael Durnan, Economic Officer)
- U.S. Embassy-Tbilisi, Georgia (Anson McLellan, Economic Officer)
- U.S. Export Assistance Center in Ontario, CA (Eduard Roytberg, Senior International Trade Specialist and Global Automotive Team Leader)
- Office of China and Mongolia (Jim Pruitt, International Trade Specialist)
- Office of the Middle East and North Africa (James Cramer, International Trade Specialist; Steven Garrett, International Trade Specialist)
- Office of Russia, Ukraine and Eurasia (Kenneth Duckworth, Commercial Officer)

Exports: Award Period
Four Years After Award Period

\$40 million
\$200 million

Foreign Markets Targeted

- Russia and the NIS which could include: Armenia, Azerbaijan, Belarus, Georgia, Estonia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Tajikistan, Turkmenistan, Ukraine and Uzbekistan
- People's Republic of China (China)
- The Middle East/United Arab Emirates (UAE) and nearby countries: Bahrain, Kuwait, Oman, Qatar and Saudi Arabia as well as Lebanon, Egypt and Jordan

U.S. Industry

Automotive Specialty-Equipment

Project Description

1. Organize annual one-on-one business development conferences in the Russian region (Russia +NIS)
2. Organize overseas international vehicle measuring sessions in Russia, the UAE and China. Participating U.S. manufacturers would have access to vehicles popular in these key export markets but not available in the United States. During a day-long event participating U.S. firms would be able to measure one or more of these vehicles in a start-of-the-art garage equipped with lifts, measuring tools and a highly skilled staff in order to create export-ready product. The event would include a networking reception with key buyers who will be an invaluable resource as to the demand for products for which vehicle application.
3. Create a global vehicle parts lending library/CAD-CAM database of vehicles popular overseas but not sold in the United States. SEMA will make available design drawings of the key vehicles with overseas appeal as well as a lending library of key components of these overseas-only vehicles in order to assist members in creating product.
4. Regularly publish information on these promising markets in SEMA publications.
5. Serve as a one-stop shop resource for U.S. manufacturers regarding regional markets; information on vehicle registrations; relevant laws/regulations; and information on the distribution networks and local opportunities/challenges to selling U.S. products into each of these markets.
6. Work with government officials in each of these markets to seek pro-industry regulations which allow U.S. products equal access.

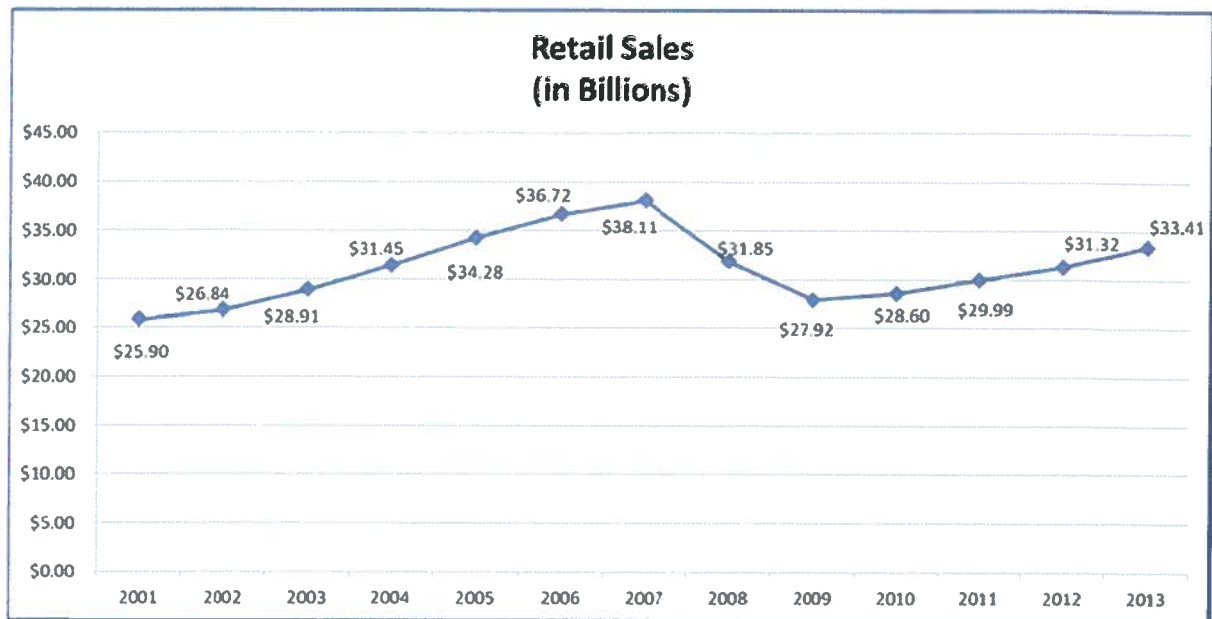
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SEMA Russia Business Development Program and International Vehicle Measuring Program

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 \$33.4 billion in 2013 sales, a 6.7% increase from the previous year and the fourth consecutive year of growth. 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 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.

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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 6,451 member companies. The association's 116 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 best known for the annual trade show, the SEMA Show. Noted as the single largest annual United States gathering of small businesses, the association produces the world's largest trade show serving the specialty-equipment market. Held annually since 1967, the SEMA Show, a part of Automotive Aftermarket Industry Week (AAIW), attracts more than 126,000 professionals from more than 100 countries. Held in Las Vegas, Nevada, the show features more than 2,300 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 2013—25% of all buyers at last year's Show came from abroad.

In addition to the Show, SEMA serves as the industry's source for research on trends and market information and provides its members with year-round access to educational and technical resources, legislative and regulatory advocacy, industry publications, international business development and business-to-business events.

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 assisting its members take advantage of the huge export opportunities as the global demand for the automotive industry's products soars. As the typical SEMA-member company has a relatively small staff and modest budget compared to larger firms, SEMA's export programs and services serve as an extension to their staffs and fill a vital void by providing needed global expansion resources.

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 and, equally important, this diversification can make firms more resilient during economic downturns. SEMA assists U.S. companies to identify strategic markets and guide its members along the way. Our initiatives include everything from international research to identify developing markets, to working with international officials on legislative issues, to creating venues for SEMA members to connect with international buyers, to trade missions to key countries throughout the year. Additionally, they include importing vehicles popular outside the United States but not sold in the United States in order to assist U.S. companies create export-ready product are just some of these efforts.

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A partnership with the U.S. Department of Commerce enhanced with a 2011 Market Development Cooperator Program (MDCP) award was a key factor to growing our range and depth of our programs beyond the traditional markets to which U.S. manufacturers export markets of Europe, Australia and Japan to promising emerging markets. Since September 2011, nearly 300 U.S. companies have traveled to China and/or the Middle East with SEMA, and/or have measured vehicles popular in key overseas markets but not sold in the United States in order to create export-ready product. Export sales, by participants in our one-on-one programs in the Middle East and China has resulted in more than \$31 million in sales by participating companies.

Export Sales Reported By MDCP Recipients/SEMA Programs

Time Period		Quarterly China Totals	Middle East Totals	Totals by Quarter
2011 4Q	Oct-Dec 2011	\$1,598,059.00		\$1,598,059.00
2012 1Q	Jan-Mar 2012	\$916,954.96		\$916,954.96
2012 2Q	Apr-June 2012	\$1,070,193.71	\$1,422,048.74	\$2,492,242.45
2012 3Q	Jul-Sept 2012	\$523,209.00	\$1,503,170.23	\$2,026,379.23
2012 4Q	Oct-Dec 2012	\$1,146,172.26	\$1,584,790.77	\$2,730,963.03
2013 1Q	Jan-Mar 2013	\$1,104,364.12	\$3,795,553.18	\$4,899,917.30
2013 2Q	Apr-Jun 2013	\$2,224,611.00	\$2,837,671.12	\$5,062,282.12
2013 3Q	Jul-Sept 2013	\$2,561,046.20	\$3,124,020.08	\$5,685,066.28
2013 4Q	Oct-Dec 2013	\$3,102,843.36	\$2,538,357.19	\$5,641,200.55
Grand Totals		\$14,247,453.61	\$16,805,611.31	\$31,053,064.92

Please note: U.S. companies receiving grants to defray the cost of participating on the one-on-one programs are required to provide export sales figures quarterly for a 12-month period. We have 100% participant compliance, but the figures are understated in that companies are required to report export sales only for the 12 months following receipt of the subsidy.

Thirteen U.S. manufacturers which have participated on the SEMA China and/or SEMA Middle East have also won U.S. Department of Commerce Export Achievement Certificates for their increases in export sales to these markets. These awards were presented by U.S. Department of Commerce officials at the 2012 and 2013 SEMA Shows.

In addition to our efforts to create networking events for U.S. manufacturers and local buyers, SEMA has been actively seeking to improve the overseas regulatory climate governing the use of specialty products. 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. We are currently working with the United Arab Emirates (UAE) government to develop laws governing our industry and have met with Chinese officials for similar purposes.

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Our international efforts were significant enough for SEMA to be selected in 2013 for the Presidential Export Service “E” Award. “SEMA has demonstrated a sustained commitment to export expansion,” said Acting Secretary Rebecca Blank in her congratulatory letter. “The ‘E’ Awards Committee singled out SEMA’s International Vehicle Measuring Program as well as our legislative initiatives. Regarding the legislative work noted Blank in the award notification, “The organization’s work to support the developing legal frameworks for emerging specialty-equipment industries in China and UAE was particularly compelling. SEMA’s achievements have undoubtedly contributed to national export expansion efforts that support the U.S. economy and create American jobs.”

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. Our decision to our expand our program to the Chinese and Middle East markets has proven to be a good one as U.S. manufacturers are finding immediate sales and even greater promise. Building on our emerging market program, the next promising market that we have identified is Russia and the surrounding NIS countries, and we seek to partner with the U.S. Department of Commerce to explore this new region. We look at a number of key factors in selecting markets to target: passion for customizing; sufficiently large country/population; sufficient middle/upper class to afford customization; and the ability to begin to communicate with government officials and/or when the laws regarding customization are non-existent or not well developed. All are present in the Russian/NIS region.

a. Choice of Russia as Target Market

i. Factors Influencing the Potential of the Russian Specialty-Equipment Market

- **Size of the Market/Potential for Further Growth:** Russia ranks sixth in the world in terms of annual passenger-vehicle sales. The country’s auto market has rebounded from the 2008–2009 recession with new-vehicle sales for 2012 up 11% from the previous year, which makes Russia the second-largest European vehicle market. With 2.9 million passenger vehicles sold last year, the country is quickly gaining on Germany—the top market in Europe—and many experts estimate that the positions will flip between these two countries in the next few years.
- **Size of the Specialty-Equipment Market:** Given the newness and fragmentation of the market, there are very few meaningful numbers. We received a number of estimates that the [REDACTED] which are widely considered to be quite considerable. eBay has privately identified Russia as one of its top four markets in terms of sales of U.S. sellers to Russian buyers.
- **Huge Pent-up Demand to Purchase Vehicles and Other High-Ticket-Price Items. Unmet Demand:** There are now 38.7 million passenger vehicles on Russian roads but with a population of 140 million, Russia has far fewer passenger vehicles per capita—30% the rate as in the United States. As more Russians enter the middle class, the growing number of motorists in the market for a second vehicle in the passenger-car market in Russia could grow by another 1 million vehicles annually and top 3.5 million sales, according to PricewaterhouseCoopers,

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whose research team also estimates that the number of new-car sales in Russia in the next 10 years will be equal to all of the cars on the road today.

- **Growing Discretionary Income:** Russia has the highest gross domestic product per capita among the members of BRICS. “[By] 2020, Russia should be one of the biggest consumer markets on a global basis,” said Russian Machines Chairman Siegfried Wolf in a Just-Auto.com interview. The company also owns the GAZ Group automotive division. Per capita, Wolf said, Russia has double the income of the Chinese—\$20,000 compared to \$11,000—and India is at about \$6,000. According to a recent Ernst and Young report, Russia also has a bigger share of high earners (annual income above USD \$50,000). Fifteen percent of households fall into this bracket, three times more than that in Brazil.
- **Passionate and Growing Car Culture** is readily evident in Russia with its consumers embracing vehicle personalization.
- **Appetite for Off-Roading.** Bad roads and open countryside create strong demand for off-road products. Driving off-road for recreation is extremely popular and hobbyists are good customers for product that enhances the functionality of these vehicles on unpaved roads whether for hardcore adventures or to head to their dachas over poorly maintained or non-existent roads.
- **Popularity of SUVs/Pickups:** SUVs represent the largest- and fastest-growing automotive sector in Russia, making up 31% of all passenger sales in 2012. Nearly one-third of all passenger-vehicle sales were SUVs—more than double the rate of SUV sales throughout the rest of Europe.
- **Positive Perception of U.S. Products:** According to the U.S. Department of Commerce’s “Doing Business in Russia: 2013 Country Commercial Guide for U.S. Companies” report, “Aftermarket sales of replacement parts and accessories are dynamic, with high customer receptivity to U.S. products. Many U.S. brand names are well known and sell strongly in Russia. Some of the ‘Made in the U.S.A.’ products that Russian motorists seem to favor are lubricants, automotive chemicals and off-road accessories.” This positive perception was also evident during conversations with a large number of top Russian resellers of specialty products during two SEMA planning trips to the region as well as with Russian/NIS buyers attending the 2013 Las Vegas SEMA Show. Wholesalers and retailers we met were generally enthusiastic about carrying U.S. products. Many didn’t yet have the opportunity to meet with U.S. firms but were interested in doing so. We heard repeatedly that there are not enough American products on the market and that their Internet-savvy customers are seeking American products, and if their shops don’t carry these products that the consumers will buy their U.S. performance products from eBay or other online sources.
- **Spreading U.S. Entertainment Industry Is a Positive Factor:** Local enthusiasts are increasingly aware of and deliberately seek U.S.-branded products aided by TV shows, such as TLC’s “Overhaulin’” Крутой тюнинг (Krutoy Tuning), MTV’s “Pimp My Ride” Тачку на прокачку (Tachku na prokachku) and Universal Studio’s *The Fast and the Furious* Форсаж (Forsazh). They play an important 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.

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- **Distribution System in Early Stages/Fragmented:** The specialty-equipment markets in Russia are still in its early stages with a new and fragmented distribution system. U.S. manufacturers still have the opportunity to get into the Russian/NIS markets during these early days.
- **U.S. manufacturers Interest in the Russian/NIS Market:** SEMA, in cooperation with the US Department of Commerce, is organizing an exploratory trip to Russia. We want to use this first trip to get a better sense of the market and identify any unique issues that might affect how we shape the new program. We are limiting this pilot project to 10–12 experienced U.S. exporters to help us shape a potential 2015 program.

Local Competitors

To date, Russian manufacturers produce only some basic styling products. They have typically not ventured into the more complicated styling or performance sector.

Third country Competition

The Australian specialty-equipment companies have developed early market share in Russia. Factors such as strong federal and state government support of their firms seeking to export to Russia (and worldwide) and the benefits of a similar vehicle park has enabled Australia to get a lead. Ironman and ARB are among the most popular Australian specialty products being sold. German companies include Brabus and Eibach.

Regional Program

We seek to make this a regional initiative versus a Russia-only program, including the NIS countries such as Armenia, Azerbaijan, Belarus, Georgia, Estonia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

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Additional Opportunities (not addressed above)

- **Chrysler Jeep Wranglers:** One of the most accessory-friendly vehicles of all time is being sold for the first time in Russia with Jeep dealers eager for aftermarket products to customize new vehicles before leaving the showroom. U.S. firms are the leaders in aftermarket products for Jeeps ranging from suspension to lighting to performance exhaust products and bumpers.
- **Two Russian Models:** The UAZ Hunter and the UAZ Patriot are extremely popular with young enthusiasts and for taking off-road, but there is a dearth of aftermarket products for these vehicles. While it's been announced that another Russian branded vehicle, the Lada, has been scrapped, the UAZ continues to enjoy strong sales as the vehicles are relatively inexpensive and easy to work on—similar to vehicles that helped spur the start of the U.S. industry 50 years ago. UAZ dealers are eager for U.S. products. Australian companies currently supply some product for the UAZ, but the dealers are eager for additional aftermarket options.
- **Vehicle manufacturers** appear to be focusing less on dealer restrictions for selling aftermarket products, and so dealers are starting to customize vehicles in their showrooms with aftermarket product.

Challenges

- **Fragmented Distribution:** The challenges lie with the fragmented distribution system (a strange convoluted process for getting products in the country) Few resellers are stocking significant amounts of product resulting in the need to order upon demand. Most shops have not yet made investments in their outlets, resulting in some very basic shops with little display space.
- **Tariffs/taxes/cumbersome import regulations** raise the price on imported U.S. specialty products through resellers typically work through large import houses, which makes these costs more manageable
- **The Laws regarding customization are unclear** though most companies do not find either of these more than a nuisance.

(2) Project Description

SEMA Russia One-on-One Business Development Conferences

- **A 2½-day Program Core Program.** Exhibitors will participate in a U.S. Embassy briefing/dinner, visit local specialty shops, participate in an evening networking event with buyers from throughout the region followed by a day-long table-top display at a local show or in a standalone program at a hotel ballroom.
- SEMA will organize a pilot trip for a limited group of experienced U.S. exporters May 21–24, 2014, to lay the ground work for a potential program. We are getting a lot of interest from members to travel with us on this pilot program to Moscow. We will take approximately 10–15 companies on this trip with the first full-fledged trip to Russia contemplated for May 2015. We were successfully able to expand our current grant to include a “pilot project” to Russia. This allows us to use grant funds to provide a grant to qualified participants but enables us to remain eligible for a possible second MDCP grant covering the Russian market. We anticipate this becoming an annual event.

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- 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 setup 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 provide a match for a networking reception to enable us to provide complimentary entry for buyers.
- The project will include the creation/maintenance of dedicated websites promoting the Russia one-on-one programs. The sites will include an online registration tool for both U.S. companies and Russian companies (and other languages as needed) for the foreign buyers.

Assist in the Development of a Legal and Regulatory Framework for the Specialty-Equipment Market

By sharing its 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 implement in their home markets. SEMA is seeking a system with sufficient flexibility to allow the governments to customize the regulations to their own needs and 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 director of federal relations and Linda Spencer.

Overseas International Vehicle Measuring Program

One of the hardest things for a small supplier of aftermarket parts is to gain access to the newest vehicles to develop prototype parts. While the United States continues to lead the way in automotive customization, vehicle owners throughout the world are increasingly seeking hot, new products to make their cars and trucks personal and unique. Exporting products can be profitable, but U.S. manufacturers need access to these vehicles in order to create product for the vehicles on the road in the target markets.

U.S. manufacturers are at a huge disadvantage vis-à-vis their competitors around the world, including specialty-equipment manufacturers in Australia, Thailand, Japan and Europe, who have easy access to globally popular vehicles that are also sold in their home market.

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To address these challenges, SEMA proposes to organize annual international mega vehicle measuring sessions in Russia, the UAE and China. Participating U.S. manufacturers would have access to measure and examine up to a dozen vehicles popular in these key export markets but not available in the United States. The chosen venue in each market would be equipped with lifts and other tools to allow U.S. manufacturers to measure and prototype products. The program would provide U.S. manufacturers with invaluable information as to the most in-demand vehicle platforms and access to these vehicles. The proposed program already has buy-in from resellers in these key markets who are eager for a greater range of U.S. products to offer their customers and would be on-hand to advise the specific type of products their buyers are seeking and any other market conditions which should be taken under consideration, e.g., the extreme heat in the Middle East and the poor road conditions in China, Russian and its surrounding countries.

SEMA would also make available design drawings of these key vehicles with overseas appeal as well as a lending library of key vehicle components of these overseas-only vehicles in order to assist members in creating product.

Phase one of SEMA's International Vehicle Measuring Program, made possible in cooperation with the U.S. Commerce Department and the 2011 SEMA MDCP program, is a program to import to the U.S. vehicles popular overseas but not sold in the United States. To date, we have imported two vehicles—a Toyota HiLux and a Ford Ranger T6—in order for the U.S. companies to create product for these accessory-friendly vehicles. The response for this initiative has been overwhelming. To date, 200 U.S. manufacturers have measured the two vehicles under the global vehicle importation program. Both vehicles have crisscrossed the country to meet the strong demand by U.S. manufacturers to bring the vehicles to their facilities to measure the vehicles or to participate in various measuring sessions around the country. Additional companies are currently waiting to measure one or both vehicles. To meet this demand, SEMA has recently successfully extended the temporary waivers for the two vehicles (through temporary NHTSA/EPA/Homeland Security waivers). We are currently narrowing down the list of vehicles on the U.S. manufacturers' wish lists to select the third vehicle to import.

The program is expected to speed the flow of U.S. styling and performance products to international distributors and assist U.S. companies in gaining market share in these key markets as they have the opportunity to make product with applications suitable for the vehicles on the road in these emerging countries.

a. 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

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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.

As U.S. companies venture into emerging markets, SEMA will serve as a one-stop shop for bringing concerns about formal or informal trade barriers, complaints of counterfeiting or any other hurdle to doing business in the targeted market.

SEMA will provide regular market information developed through the export toolbox 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. The ITA would consistently be credited with being a partner in these initiatives.

Collect Data to better understand how many of our companies are translating the measuring of the vehicles into the creation of products and the subsequent increase in export sales.

(3) Performance Measurement

ITA measures

Measure (ITA #)		Goal		Explanation	Reporting Method
		#	\$ Value		
Exporter Class	NTE: New to Export			Chances of making sales of those participating in one on ones NTM 50%; ITM 50%	All firms sign success agreement to report as a condition of receiving assistance under the MDCP program. SEMA has conducted member surveys for many years.
	NTM: New to Market	25			
	ITM: Increase to Market	75			
Export Transactions		\$40 million			
Export Transactions Four Years Following Award Period		\$200 million			
Signing Distributor Contracts		100 contracts signed			

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Exploring potential for market for their product through low-cost one on one programs	Enables companies to talk to quality pre-vetted retailers and distributors as well as other US companies and hopefully avoid costly mistakes				
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	

Applicant-Designed Measures

Measure	Instances During Award Period	Explanation	Reporting Method
Create Annual Business Development Conference in Russia	1 annually/total of 3 during life of the grant	20 US manufacturers participating in year 1 and 25 each in year 2 and 3	<ul style="list-style-type: none"> • Program registration list • Post event participant Survey
Organize international vehicle measuring sessions in Russia, China and the Middle East	Organize a total of 9 overseas international vehicle measuring sessions. 3 in the first year and 3 in years 2 and 3	We anticipate a total of 114 companies over three years participating in the measuring sessions in the Middle East; 60 companies measuring vehicles in China and 70 companies in Russia	Program registration Post event participant surveys Report on the export dollars generated by the sale of products for these vehicles available only outside the US
Create tools to assist member companies in determining market potential in Russia, China and	A minimum of eight articles a year on the Russian, Middle East and /or Chinese market in SEMA publications		<ul style="list-style-type: none"> • Provide ITA with copies of articles, links on website; communicate regularly re:

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the Middle East as well as opportunities by making export-ready parts for globally popular vehicles and disseminate this information	SEMA's monthly magazine <i>SEMA News</i> and/or our electronic newsletter <i>SEMA eNews</i> and on our website www.sema.org .		difficulties US manufacturers are facing such as: trade barriers and counterfeiting issues
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(1) Partnership With ITA and Other Entities

SEMA looks forward to working with the following ITA staff:

- **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. **Local U.S.-based Commercial services offices.** SEMA looks forward to a continued close relationship with Senior International Trade Specialist and Global Automotive Team leader Eduard Roytberg 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.
- **Global Markets-** US Embassy Moscow(Robyn Kesser, Commercial Attache- Moscow, and Acting Commercial Counselor-Kazakhstan and Office or Russia, Ukraine and Eurasia (Kenneth Duckworth, Commercial Officer) As we enter a new market we looking forward to meeting with the relevant Russian/NIS staff We have already had an initial meeting and several phone conference calls.

(2) Credentials

a. Overview

SEMA currently has 6,451 member companies of which 5491 or 85.12% 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 60 %.) Betty Guo, SEMA international market specialist (Time devoted to project will be 50%) 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 2%) and Vice President of Communications and Events Peter MacGillivray (Time devoted to project will be 3%) will serve in an overall advisory role.

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SEMA Russia Business Development Program and International Vehicle Measuring Program

SEMA CEO and President Chris Kersting (Time devoted to project will be 1%), SEMA Senior Director of Federal Government Affairs Stuart Gosswein (Time devoted to project will be 1%)

SEMA Vice President of Administration George Afremow will be responsible for oversight of MDCP grant. Time devoted to project will be 2%).

The marketing team will include: Janet Lee, Group Operations Manager (Time devoted to project will be 4%) 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 2%) will produce the marketing materials.

Resumes of Key Personnel

Linda Spencer, SEMA Senior Director, International and Government Affairs

Linda Spencer is the senior 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, Russia, 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 nearly 20 years. Prior to SEMA, Spencer worked on Capitol Hill where she served as a Senior Legislative Assistant for the Northeast-Midwest Congressional Coalition and was the staff chair of the Congressional Auto Parts Task force.

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.

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, and special events throughout the year.

George Afremow VP/CFO

George Afremow is responsible for overseeing day-to-day accounting, HR and administrative activities for the association.

Mike Spagnola vice president of OEM & Product Development Programs

Specialty Equipment Market Association
SEMA Russia Business Development Program and International Vehicle Measuring Program

Mike Spagnola oversees the SEMA Product Development Center. In this role, he collaborates with the SEMA OEM and Vehicle Technology departments, and serves as a resource and liaison for members and automakers. His focus is on SEMA services that help members develop products quickly and efficiently.

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.

(3) 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 Russia. These letters appear at the end of this section.

(4) 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.

(5) 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 a promising and fastest-growing and most markets: Russia and the surrounding NIS countries. In addition US manufacturers are invited to participate in three new annual programs – in Russia, China and the Middle East - to measure vehicles popular in these markets and elsewhere around the world – but not sold in the US.

SEMA has teamed up with the U.S. Commerce Department's International Trade Administration (ITA), which has agreed to help defray the project costs of each of these programs through its Market Development Cooperator Program (MDCP).

Agreement to Participate in the SEMA Russia Business Development Program and/or the International Measuring Sessions in China and Middle East and Russia

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 Russian market and or/ access to hard-to-obtain vehicles popular around the world but not sold in the US. and/or Middle East markets. Here are a few of the benefits available to participants:

2. Subsidy

Specialty Equipment Market Association
SEMA Russia Business Development Program and International Vehicle Measuring Program

SEMA will provide qualified companies with a \$1000 subsidy to those seeking to participate on both the SEMA one-on-one program in Russia and the concurrent international measuring program taking place in Moscow. \$900 subsidies are available for those participating in the international measuring sessions in the Middle East and China.

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, Russia, China and the Middle East are available to help you get answers to your marketing questions.

4. Business Cards

We'll translate into Russian business cards for your employees participating on the Russian one-on-one program and into Chinese for those participating in the international measuring session in China.

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, Russia 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 four quarterly surveys for a one-year period post-event. This information will only be used in the aggregate and as always, proprietary information is never released publicly without your written permission.

- (1) Depending on the program in which you participated --the dollar value and number of Russian, Chinese and/or 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) The dollar value and number of export sales in global markets for vehicles measured through the international vehicle measuring sessions.
- (3) Export-related agreements you conclude such as signing an agent or distributor.
- (4) Value of any trade complaint you are able to resolve as a result of help from SEMA or ITA
- (5) Other relevant information you care to share with us such as staff hired or re-assigned to exporting.

Specialty Equipment Market Association
SEMA Russia Business Development Program and International Vehicle Measuring Program

8. Export Achievement Awards

SEMA members with the highest export success in the Chinese, Russian and/or Middle East markets or in worldwide sales for international vehicles measured through the international vehicle measuring program 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



January 13, 2014

Dear MDCP Panel,

BluePrint Engines, based in Kearney, NE is a member of the Specialty Equipment Market Association (SEMA), and has been for over 10 years. Just in the last couple of years we have become more involved in looking for ways to promote and expand our international trade efforts. The SEMA Business Development Conferences have been invaluable to us and I would encourage adding locations in the future.

BluePrint is eager to increase sales overseas and look to SEMA as an important resource in expanding our international customer base. I have participated in International growth programs with the Nebraska Department of Economic Development in the past, but nothing has quite produced results like the SEMA efforts. Thus far, I have only participated in the Middle East conferences, but I look forward to SEMA adding other markets that would fit our product line up.

The research that SEMA does has been conducive to us in finding markets to concentrate our efforts. We have a very limited staff, and a lot of the International expansion and contacts we have, would not be possible without the help of SEMA and the International Development Conferences. I would be interested in a Development Conference in Russia and will definitely continue to participate in the Middle East events. We look to them for their expertise and contacts and are very grateful for the work they do!

If you have questions about our International strategy or involvement in other markets please feel free to contact me directly. Thank you in advance for your time and consideration.

Cordially,

Dru Freese
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January 7, 2014

Dear MDCP Panel,

My name is David Borla, Vice President of Sales and Marketing at Borla Performance Industries. Founded by my parents in 1978, Borla has since grown to become a globally recognized brand that employs over 120 United States Citizens at our facilities in California and Tennessee. As a long standing member of the Specialty Equipment Market Association (SEMA), our company has used the tools provided by SEMA to assist in our consistent growth over the past few decades and we are actively involved in SEMA's efforts to promote international trade.

The automotive aftermarket continues to find traction across the globe which presents significant growth opportunities for US brands like Borla. SEMA has proven to be a valuable resource in expanding our international customer base through its international programs which have provided us 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 Borla to sell products and grow our brand in these regions. Our past use of these SEMA resources has helped us significantly in growing our export business.

If given the opportunity, Borla Performance will undoubtedly continue to participate in future SEMA international programs including conferences in Russia, The Middle East and China. We will also continue to utilize the opportunity SEMA provides in bringing vehicles from overseas to scan and create parts for which are not available in The United States.

If you have any questions or would like to discuss our business interest in SEMA's international programs please feel free to contact me directly.

Regards,

BORLA PERFORMANCE INDUSTRIES
David Borla
VP, Sales & Marketing
davidb@borla.com
805.246.6067
www.borla.com



Dear MDCP Panel:

My company, Omix-ADA, based in Suwanee, Georgia USA has been a SEMA member for many years. We recognize the opportunity to increase overseas sales is sizeable and encourage the support of the association to help companies like Omix expand their customer base outside the US. Omix has participated in SEMA international programs such as the international measuring session which granted US companies access to vehicles otherwise not available in the US saving thousands on travel expenses. Having access to these vehicles will help us develop products to increase our marketability to international customers. My company would certainly be interested in attending more measuring sessions for vehicles not available in the US, namely the diesel Jeep Wrangler JK.

Thank you,

Alain Eboli

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January 8, 2014

Dear MDCP Panel:

Dee Zee manufacturing has been a member of SEMA (Specialty Equipment Marketing Association) since 1979. In addition to its trade-show and legal representation, this organization has been instrumental in developing new markets for our company.

Dee Zee is interested in expanding our sales overseas. SEMA is an important resource in identifying and reaching new international customers. DZ has worked successfully with SEMA in the past to develop exclusive buyers in the Middle-East and other markets.

SEMA's other programs have also been instrumental in helping us identify other growth markets for our products. They have provided our engineers with numerous opportunities to measure and explore first-hand a multitude of vehicles not available in the US market.

Our past use of these SEMA resources has helped us grow our export sales significantly in the past two years. My company would be likely to participate on future SEMA matchmaking programs in Russia, China and/or the United Arab Emirates.

Thank you,

Best Regards,

Jason Mrachina

VP Sales and Marketing
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jmrrachina@deezee.com
cell: +011 515.313.7413



January 7, 2014

Dear MDCP Panel:

K&N Engineering, Inc., based in Riverside, 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. This is my second term as a CIEDEC member. In addition, I am actively involved in many events to promote international trade and encourage others to become exporters.

K&N is always interested in finding ways to increase sales in various international markets. Especially since we now manufacturer and represent three separate brands (K&N, AEM, and Spectre Performance). One of the ways to do this is by being a member of SEMA and taking advantage by participating in many of the international programs they have to offer. Especially when SEMA identifies new and upcoming international markets.

I have participated in every SEMA International Business Conference they have offered for China and the Middle East. It has afforded us the opportunity to explore these markets in great depth and network with other participating companies to help them secure new business. In addition, it enables us to interact with our various customers and the potential buyers of the program. K&N will continue to participate in these programs for China and the Middle East and is looking forward to the newest market, Russia.

A couple of years ago, SEMA was able to bring a Toyota Hilux over to the US so it could be used for manufacturers to develop new aftermarket products. K&N was able to take advantage of this and developed a new air filter for this vehicle. Developing new products for vehicles that are only sold overseas is one of the biggest challenges for companies like K&N. Unfortunately, traveling to those markets to try and develop a product is very costly and sometimes unrealistic. Having the vehicle imported seems to make a lot more sense and enables more companies to participate.

I encourage our US Trade Department to continue supporting organizations like SEMA. If you have any questions or would like to discuss this further please, feel free to contact me directly.

Best Regards,

Kevin S. Floody
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kevmf@knfilters.com
www.knfilters.com



Dear MDCP PC, based in Sanford, 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. SCT has been very active with SEMA in China and the Middle East, and have seen great results with this. We continue to look at new areas to go after with the help of SEMA, and as of today sell in 38 different countries. 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 continuing working with SEMA on future opportunities like Russia, and continuing to work with SEMA in China and the Middle East!

Thank you

RICK TRUJIDO
PRESIDENT/CEO



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7 January 2014

Dear MDCP Panel:

Radflo Suspension Technology, a shock absorber manufacturing company based in Fountain Valley, CA, has been a member of SEMA for the past 5 years. Our membership has allowed us to participate in the international programs offered by SEMA. These have included one on one match making networking and sales sourcing trips to both China and the UAE. All the trips we have participated in have been very beneficial in allowing us to promote our brand and introduce interested international companies to experience "made in the USA" products first hand.

Through the international programs offered by SEMA, we have been able to identify additional markets and resources to allow Radflo to increase revenue, hire more people and increase product offerings.

Radflo Suspension Technology plans to attend future SEMA matchmaking programs in China, United Arab Emirates, Russia and any additional markets SEMA has identified as being potential business opportunities.

Yours faithfully,



Glenn Classen
President/CEO

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ВЕДУЩИЕ АМЕРИКАНСКИЕ БРЕНДЫ ПРИХОДЯТ В МОСКВУ

АССОЦИАЦИЯ SEMA ПРОВОДИТ В РОССИИ КОНФЕРЕНЦИЮ ПО РАЗВИТИЮ БИЗНЕСА
22 мая, 2014 • Москва, Россия



Знакомьтесь лично с членами американской ассоциации SEMA, производителями передовых товаров и оборудования для автомобилей, в которых нуждаются ваши клиенты.



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Линде Спенсер (Linda Spencer) по адресу: lindas@sema.org

A Closer Look at Russia

One of the World's Largest Vehicle Markets

SEMA News recently traveled to Moscow to take a look at the center of the specialty-equipment market in the world's largest country in terms of area (more than 6.6 million square miles). Russia is one of the fastest-growing emerging market economies and one of the five countries that make up the so-called BRICS, along with quickly growing Brazil, India, China and South Africa.

This article looks at the size of Russia's passenger-vehicle market, the interest in customizing, consumer purchasing power, types of vehicles on the road and the implications for U.S. specialty-equipment companies as well as growth potential, opportunities and challenges.

■ The Russian-built UAZ 469 is a popular vehicle for off-roading. This vehicle has a high-lift pack, metal bumpers, a roof rack, winches and off-road tires. The UAZ Hunter is a popular version of the 469. Between 2005-2011, 85,500 of these vehicles were sold in Russia.



Courtesy of Polny Privod 4x4

sales for 2012 up 11% from the previous year, which makes Russia the second-largest European vehicle market. With 2.9 million passenger vehicles sold last year, the country is quickly gaining on Germany, the top market in Europe, and many experts estimate that the positions will flip between these two countries in the next few years. Russia could be the number-one country in sales in Europe as early as next year, said Stephen Biegun, vice president of international affairs for Ford in a recent interview with the *Detroit Free Press*.

Potential

Most motorists in Russia are fairly new drivers. Under the Soviet regime, which ended in 1991, private vehicles were rare. Typically, only high-level government officials had access to cars. How times have changed! There are now 38.7 million passenger vehicles on Russian roads. But with 140 million people, a large, unmet demand still exists for those who have not yet had the opportunity to purchase a vehicle.

There are only 271 vehicles per 1,000 people in Russia, according to the World Bank, compared with 797 per 1,000 in the United States. And the vehicle market is sure to expand further because of the number of people who are likely to be in the market for a second vehicle and the fact that the average age of registered vehicles is 16 years.

The passenger-car market in Russia could grow by another 1 million vehicles annually and top 3.5 million sales, according to PricewaterhouseCoopers, whose research team also estimates that the number of new-car sales in Russia in the next 10 years will be equal to all of the cars on the road today because of an aging vehicle fleet and a declining light-vehicle import tariff.

Types of Vehicles on the Road

The lineup of vehicles in Russia is quite different from that of the American market. Russia boasts a dizzying number of different makes and models from all corners of the earth. Omnirescar are local brands, such as Lada and UAZ, which are still dominant, but foreign brands are taking the lion's share of new-vehicle sales. Given high import tariffs, the farthest-selling



■ Since the Russian market is still in its early stages of development, there is a higher percentage of visual rather than mechanical modifications on cars. With wheels, people may go for a different design or do Plus 1 wheel-and-tire combination, but you won't see too many cars pushing the envelope with really big low-profile tires, said Kasatov. Featured here is a family-owned business that hopes to expand its product line with additional U.S. products.

vehicles are foreign and domestic-built vehicles assembled in Russia. About 1.07 million vehicles were imported in Russia in 2012, but hefty import duties made these vehicles much more costly.

"In Russia, one can expect to see a wide range of American-, European- and Asian-made vehicles, with the added component of Eastern European-made vehicles that exist in only a few markets and are locally accessorized," said Naaban Calabrese, Omix-ADA's director of international sales. Calabrese worked in Russia for several years and has closely followed trends in that market. "This wide range is not something that is usually seen on this scale overseas," he said, "and it presents strong opportunity for those who produce products with a wide range of applications or who are willing to develop products to match such an expanded vehicle mix."

According to Likholtov, other popular vehicles in this category are the Lada 4x4 (a small off-roader built almost without changes since the '80s and very popular in Russia as well as in the former Soviet republics and even in Italy and France). Other popular foreign brands include the Toyota Land Cruiser 70 and 80 (old fashioned, iconic and now produced for Australia and the countries of the third world) and the Land Rover Defender 90 (a reliable British 4x4 with military heritage).

Among other vehicles growing in popularity are Jeeps including the Wrangler—

Cars vs. Light Trucks

SUVs represent the largest and fastest-growing automotive sector in Russia, making up 31% of all passenger sales in 2012. Nearly one-third of all passenger-vehicle sales were SUVs—more than double the rate of SUV sales throughout the rest of Europe.

"We anticipate SUV sales will continue to grow, as Russian customers prefer the



■ Among foreign brands, Toyota Land Cruisers and Land Rover Defenders (shown) are popular. According to Likholtov, another popular vehicle in this category is the Lada 4x4, a classic small off-roader built almost entirely in Russia since the 1980s and very popular in Russia as well as in the former Soviet republics and even in Italy and France.

Likholtov's personal favorite. He said that these vehicles are "tuning friendly" and are available secondhand. In addition, Jeep exported 4,700 vehicles to Russia in 2012, but the average cost after tariffs was close to \$100,000. While the Wrangler is likely to continue to be imported from Toledo, Ohio, Chrysler announced plans to build some Jeep models—likely the Cherokee—in Russia within the next few years. In addition, Ford has announced that the company will build a full-size SUV outside the United States for the first time at a factory 300 miles outside of Russia to meet local demand.

Disposable Income

Russia has the highest gross domestic product per capita among the members of BRICS. "[By] 2020, Russia should be one of the biggest consumer markets on a global basis," said Russian Machines Chairman Siegfried Wolf in a Just-Auto.com interview. The company also owns the GAZ Group automotive division. Per capita, Wolf said, Russia has double the income of the Chinese—\$20,000 compared to \$11,000—and India is at about \$6,000.

Pickups

The pickup market is another growing segment. The top-selling pickup in Russia is the Mitsubishi L200, followed by the VW Amarok and the Toyota Hilux. Again, those vehicles are sold worldwide but not in the United States or Canada. "A few years ago, our pickup sector emerged, and we have a lot of trucks

Concentration of Consumers

Moscow—the fifth-largest city in the world with a population of 12 million—boasts some of the world's largest malls, many of which are packed with luxury brands. The city is also the capital of Russia and is its center in terms of population and wealth. Thus, it is the most important market for vehicle and automotive specialty-equipment sales. St. Petersburg, to the west, is a city of five million and is the second most important market.

The Big Three American automotive manufacturers are active in the Russian market, and all have ongoing investments. The size of the middle class is growing in Russia and with it, the hope for a reduction of vehicle import duties and increased production of U.S. brands of customization-friendly vehicles, so the Big Three are targeting the Russian market.

"Most of us project [that in the] next few years, Russia will surpass Germany," said Cannis. "That is why we are all here." The Ford-Stollers joint venture manufacturing site is approximately 300 miles from Russia and is now producing the Ford Explorer as well as other Ford models. All production at the Sollers' plant is aimed at the Russian market.

Peter Layer, purchasing director for General Motors in Russia, said in a recent Just-Auto.com article that Russia is one of the company's top four markets.

"Even 10 years ago, Russia was not in the top 10 globally," he said, "but it is amazing how fast the world changes."

General Motors has announced plans to more than double its annual production capacity from the current 98,000 vehicles to 230,000 vehicles by 2015 at its wholly owned GM Auto subsidiary located in St. Petersburg, Russia, already Chevrolet's fourth-largest market. In 2013, new products in Russia include the midsize Trailblazer SUV, Colorado pickup and the seventh generation of the Corvette Stingray.

Chrysler Group LLC said that it still expects to start building Jeep sport-utility vehicles in Russia next year, despite the lack of an agreement on a production site with its joint-venture partner, ROLF. In addition, the owner of more than 30 dealerships in Moscow and St. Petersburg began selling Jeeps and Dodge badged vehicles in December 2012.

"We are interested in dealer center launch for Chrysler, Jeep and Dodge because we see a high growth potential for these brands in Russia," said Likholtov.

In 2012, Fiat exported 4,700 Jeeps to Russia. Likholtov noted that duties make the import of the United States and other vehicles exorbitantly expensive. He said that the taxes for vehicles imported into Russia complicate development of the Russian customizing industry.

"For example, prices for the Jeep Wrangler Unlimited Rubicon (my favorite by the way) at an official dealer begin at 1,855,000 Russian rubles (\$59,838)," he said. "That is double compared with American prices. The '13 Chevrolet Camaro costs 2,055,000 Russian rubles (\$66,290 USD) compared with \$28,685 USD MSRP in the States. But we are optimistic. The government promised us that the prices for import cars will go down year by year after the introduction of Russia to the World Trade Organization in 2012."

Customizing

From drifting to slammed Ladas to off-roading and from street performance to hot rods, the Russian vehicle-enthusiast market is quite broad. In addition to external body kits, exhaust and air-intake systems and other engine upgrades, items such as wheels and dash cameras are extremely popular, as are foil wraps.

Michael Kasakov applies his time between Boston and Moscow. He works for Renault Import, a Massachusetts-based wholesale distributor of OEM and aftermarket parts and accessories for the automotive and powersports industries with offices in Moscow. He said that the market for modifications is still in its early stages of development, so there is a higher percentage of visual rather than technical modifications for cars.

"Think body kits, tinted windows, air-brushing and vinyl wraps," he said. "But I do believe that the focus will be shifting as the market matures. When it comes to tech stuff, I don't think Russia is any different compared with other countries. Depending on the segment, people usually start with the typical mods—inlet, exhaust and chips in the sport compact and street segments and wheels, tires and lift kits in 4x4s. The only difference that comes to mind would be suspensions and the type of

wheels you see people outfitting their cars with. Due to our fairly bad roads (related to the weather conditions and seasonal temperature differences), only the most hardcore guys go for lower or stiffer suspensions on daily-used cars. Same goes for wheels. People may go for a different design or do a Plus 1 wheel-and-tire combo, but you won't see too many cars pushing the envelope with really big low-profile tires. In fact, most of the cars sold in Russia come with what is sometimes called an 'Eastern European Package,' meaning higher ground clearance compared to the same models sold in Europe or the United States." The vehicle mix is quite diverse, with many of the most popular modification-friendly vehicles not found in the United States. Still, U.S. performance and accessory manufacturers that produce universal products and are willing to expand their product applications can do well in this market.

Kasakov identified those most likely to succeed in the Russian market as those with a commitment to developing products for non-U.S. applications, such as the Mitsubishi L200, Toyota Hilux, and VW Amarok and others, and those who can support local distributors with marketing help.

Audrey Subin, deputy editor-in-chief of the Russian enthusiast magazine *Off*



■ Chrysler exported 4,700 Jeeps to Russia in 2012. High import taxes result in these vehicles averaging \$100,000. The owner of this Wrangler used a 1-in. body lift and a 2.5-inch shock absorber. The modifications are from American Enthusiast. The car is a 2011 model with an OXI loader, a differential lock, a BFGoodrich Mud Terrain 31x11.5 tires and leather inside trim. The owner ordered about \$4,000 in parts over the internet.

Road Drive, also advised U.S. companies to make products for the vehicles that are already on Russian roads. He said that there is also a large market for universal products, such as winches, high-lift jacks, navigation devices and beadlocks.

Even those who make products for specific U.S. brands, such as Jeeps or large pickups may find markets as sectors continue to grow and are helped by a positive perception of all things American.

"We have a lot of fans of American equipment just because it is authentic," Likholtov said. "For example, guys from the Moscow Dodge Ram Club asked our partners from the Mickey Thompson dealership to deliver them Dick Cepek tires just because they look tough. People from the Jeep Wrangler Club order Hemi engines and spare parts from the States. Lift kits for American SUVs and pickups are also popular, and Russian consumers particularly value American products that are actually made in America."

Challenges

U.S. companies should proactively take steps to protect their intellectual property in Russia. The U.S. Department of Commerce recommends that firms register their trademarks with the Federal Service for

SEMA ■ INTERNATIONAL



■ The most popular pickups in Russia—the Mitsubishi L200, VW Amarok and Toyota Hilux—are sold in the United States. This shop features the larger-size U.S. makes and models. “Ford Raptors, Ford F-Series, Rams and Toyota Tundras can also be seen on Russian roads, but all have been imported from the United States through the gray market,” said Petr Likholtov, editor-in-chief of Moscow-based *Polny Privod 4x4*.

Intellectual Property and with the Russian Federal Customs Service.

In addition, Russia’s infrastructure desperately needs updating. The country’s roads and bridges are in notoriously bad shape and are not built to deal with the growing number of vehicles on the roads, which results in gridlock. For example, the highway connecting the country’s two biggest cities, St. Petersburg and Moscow, located nearly 400 miles apart, is mostly only two lanes, which results in constant backups. This lack of roads also affects the transport of goods, making deliveries more expensive and lengthy.

It’s a New Market With Spotty Distribution

Rennsport’s Kasakov noted that the market is still in the early stages of development. “Proper due diligence is a must when entering into any partnerships or just choosing distribution channels,” he said, “but this really is just good business practices in any overseas market or at home. It takes a long-term commitment to the market to be successful in Russia.”

Russia can be a difficult country to deal with in terms of setting up distribution. Import duties can be high, excessive documentation may be required and the process can be difficult and time-consuming. Many distributors will request contracts,

which tends to frighten U.S. businesses. Such contracts are generally required for customs purposes or are needed in order to allow the distributor to send payments, added Calabrese.

“Businesses should always consult with their legal counsel prior to signing any document or contract,” Calabrese said. He also cautioned U.S. companies to keep an open mind on their volume expectations for distributors until they have a better idea of the actual demand of the market for their products. “Language and communication can be challenging,” he added, “but any company already doing business overseas should be able to navigate this fairly well. There is also a level of price sensitivity that seems to correlate with different niches of the aftermarket industry, and this should be taken into consideration as well.”

Exports to Russia currently account for only about half of 1% of all American exports. With its growing sales of passenger vehicles, large SUV demand and a growing middle class increasingly leaving the wilderness—and interest—to customize their vehicles, sales are bound to grow dramatically in the short term.

SEMA will be hosting a seminar on the Russian market with key buyers and media at this year’s SEMA Show. For more information on the Russian market or SEMA’s international programs worldwide, contact Linda Spencer at linda@sema.org. ■

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SEMA's International Program Making Headlines

While the United States continues to lead the way in automotive customization, vehicle owners throughout the world are increasingly seeking hot new products to make their cars and trucks personal and unique. This growing international interest means that SEMA manufacturing members have opportunities to grow their businesses overseas. Exporting products can be profitable, but determining where the hot markets are and what the hot products are can be a challenge. The SEMA international relations department is focused on assisting. Check out some of the recent media clips that do a great job of explaining just how SEMA is helping.



Truck Trend

Reporter Edward A. Sanchez did a fantastic job of explaining why the Toyota HiLux was chosen as the first vehicle in the SEMA International Measuring Session program. He also explained how the HiLux was making appearances throughout the country so that SEMA members could gather measurements to help create products for the truck. Although the HiLux is not sold in the United States, it is an international top seller, which means that it has huge potential for SEMA members.



Los Angeles Times

The title of Ronald D. White's blog article says it all: "Exporting California Car Culture and Goods to Dubai and Beyond." Several SEMA members recently participated in an organized trip to Dubai in hopes of expanding their businesses to the Middle East. With SEMA staff organizing the trip, participating SEMA members are able to make valuable connections, gain insight and develop new business relationships in the Middle East.



Saudi Gazette

One of the leading newspapers in Saudi Arabia, Saudi Gazette described the recent Middle East Motor Tuning Show as a success and noted the region's unique and growing market. That's why SEMA members are looking so closely at the Middle East. With SEMA representatives in attendance at the show, the three-day event gave SEMA-member companies a rare opportunity to see firsthand what the market is all about.



Khaleej Times

Another leading newspaper in Dubai, Khaleej Times reported on SEMA's trip to the Middle East. As the story explained, a major part of the SEMA mission included tours to local shops. A tour of Liberty Motor Sports, an established company in Dubai that is already working with many U.S. companies, gave SEMA members a better understanding of the vehicle customization market in Dubai.

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 I, Forms.

b) Financial System

As shown on the budget for project award period, most, actually 58 % of the \$952,685 match is salary and benefits. This works out to \$179,895 per year. For SEMA this amount will easily be absorbed as part of the \$13,102,700 budget for salaries and benefits. Projected program income is \$297,000 over three years.

GRANT: USES OF FUNDS

SEMA Middle East Business Development Conference	Grant amount	Number of grants	
Russia trip 2015/international measuring session	\$1,000.00	20	\$20,000.00
Russia trip 2016/international measuring session	\$1,000.00	25	\$25,000.00
Russia trip 2017/international measuring session	\$1,000.00	25	\$25,000.00
subtotal Russia grants			\$70,000.00
networking event Russia 2015	\$3,500		
networking event Russia 2016	\$3,500		
networking event Russia 2017	\$3,000		
subtotal networking events Russia 2015-2017			\$10,000
Russia trip total: grants and networking			\$80,000.00
International measuring session	Grants		
China 2015	\$800	20	\$16,000.00
China 2016	\$800	20	\$16,000.00
China 2017	\$800	20	\$16,000.00
Middle East 2015	\$800	38	\$30,400.00
Middle East 2016	\$800	38	\$30,400.00
Middle East 2017	\$800	38	\$30,400.00
Russia 2015 (included above as package with SEMA Russia business development conference)			
Russia 2015 (included above as package with SEMA Russia business development conference)			
Russia 2015 (included above as package with SEMA Russia business development conference)			
Subtotal, international measuring sessions			\$139,200.00
Networking: China and Middle East measuring sessions 2015, 2016, 2017	5,000.00	5	\$25,000.00
subtotal, networking event at measuring sessions			\$25,000.00
Grand total international measuring sessions: grants and networking			\$164,200.00
Tools: make/model data and other resources including reports, bringing whole vehicles or parts for vehicles not sold in US to create lending library and CAD resource, bring technology expert to assist at measuring sessions			
Total Resources/tools to carry out above programs			\$55,800
			\$300,000.00

Summary

	<u>Total</u>	<u>Indirect</u>	<u>Direct</u>
Salaries	411,973		411,973
Fringe benefits	127,712		127,712
Travel	12,000		12,000
Contracted services	90,000		90,000
Total	641,685	0	641,685

Fringe Benefits Rate Calculation

Domestic

$$\frac{\text{Fringe benefits}}{\text{Salaries}} = \frac{127,712}{411,973} = 31.00\%$$

Indirect Cost Rate Calculation

$$\frac{\text{Indirect Costs}}{\text{Direct Costs}} = \frac{0}{641,685} = 0.00\%$$

Expected Program Income

Trips	Number of grants	Participant Fees	Totals
Russia trip 2015	20	2500	\$50,000.00
Russia trip 2016	25	2500	\$62,500.00
Russia trip 2017	25	2500	\$62,500.00
Russia trips total expected income (not including MDCP funds)			\$175,000.00

International measuring session/participation fees*	Number of Grants	Participant Fees	Totals
China 2015	20	500	\$10,000.00
China 2016	20	500	\$10,000.00
China 2017	20	500	\$10,000.00
Middle East 2015	38	500	\$19,000.00
Middle East 2016	38	500	\$19,000.00
Middle East 2017	38	500	\$19,000.00
Russia 2015	20	500	\$10,000.00
Russia 2016	25	500	\$12,500.00
Russia 2017	25	500	\$12,500.00
Subtotal, international measuring sessions expected income (not including MDCP funds)			\$122,000.00

*Note: the \$500 fee to participate in the international measuring session assumes participation in the one on ones beforehand.

Total Anticipated Program Income	\$297,000.00
---	---------------------

SEMA received an MDCP award in 2011. A comparison between that MDCP project and the one proposed this year is set forth in the table below.

2011 MDCP Grant	Funds used to date	Proposed 2014 MDCP Grant	Funds
SEMA China Business Development Program/SEMA Middle East Business Development Program	\$205,129.91	SEMA Russia Business Development Program	\$80,000
Temporarily import globally popular vehicles which are not sold in the US to America for US manufacturers to measure in order to make export-ready product	\$109,075.73	Organize overseas international measuring sessions in Russia, the UAE and China. We would bring to one location vehicles popular in these markets but not available in the US. US manufacturers would have the opportunity to measure up to a dozen vehicles at one event in order to create export-ready product	\$164,200
Bring journalists from grant target markets to the SEMA Show to serve as Global Media Judges	\$19,199.26	Export Resource Tool Box including: market developments, one stop for reporting counterfeit, trade barrier concerns, Global vehicle parts lending library/CAD CAM database of vehicles popular overseas but not sold in the US – import vehicles as stage 2 of our program. SEMA would scan the vehicles making these design drawings available to manufacturers and dismantling the vehicles to provide members with relevant parts in order to allow them to create product.	\$55,800

Budget for Project Award Period
With Breakdown of Projected Funding Sources

Categories	Total Expenses for All Years				1st Year				2nd Year				3rd Year			
	Fed Share	Non-Fed Share			Fed Share	Non-Fed Share			Fed Share	Non-Fed Share			Fed Share	Non-Fed Share		
		Income	Cash	Other		In-Kind	Income	Cash		Other	In-Kind	Income		Cash	Other	In-Kind
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	
1 PERSONNEL																
3 TOTAL		411,973				131,376			138,237				142,360			
4 FRINGE BENEFITS																
8 Dom. (Rate 31.00%)		127,712				40,727			42,853				44,132			
8 TRAVEL																
8 Intentional		12,000				3,000			4,500				4,500			
12 CONTRACTUAL																
12 Intentional		90,000				30,000			30,000				30,000			
13 OTHER																
13 Program Income		297,000				79,000			104,000				104,000			
TOTAL DIRECT																
14 Sum from above	12,000	297,000	641,685		3,000	79,000	205,103	4,500	89,000	215,590	4,500	89,000	220,992		0	
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					
INDIRECT EXPENSES	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
16 Indirect (Rate 0.00%)																
17 Percent of Total (line 20)	a	b														
TOTAL																
18 Dir.+indir.																
19 Percent of Total (line 20)																
All Expense 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					
20 Total																

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

Specialty Equipment Market Association
Performance Racing Industry, Inc.
Performance Aftermarket Publications, Inc.
SEMA Data Co-Op
SEMA Memorial Scholarship Fund
Combined Statements of Financial Activities

.P&L BOD

As of December 31,

	FY2014						FY2013	
	Supplemental Information			Actuals	Budget	Var	Actuals	Actuals
	Actuals Qtr2	Budget Qtr2	Var	%	YTD	YTD	Qtr2	YTD
Revenues:								
Membership Dues	738,116	788,625	(50,509)	(6%)	1,426,776	1,502,000	642,846	1,276,759
Trade Shows	31,694,902	30,509,419	1,185,483	4%	31,758,500	30,579,419	29,607,070	29,692,309
Publications	2,133,197	2,125,199	7,998	0%	2,970,210	2,954,331	2,111,571	2,898,452
Corporate Income	528,885	796,826	(267,941)	(34%)	728,949	882,902	662,560	784,746
Total Revenues	35,095,100	34,220,069	875,031	3%	36,884,435	35,918,652	33,024,047	34,652,266
Expenses:								
Trade Shows	7,926,170	10,622,904	(2,696,734)	(25%)	8,603,634	11,270,094	8,556,095	8,941,260
Publications	598,121	837,753	(239,632)	(29%)	904,711	1,096,540	1,085,200	1,441,273
Gen & Admin	6,441,622	7,502,601	(1,060,979)	(14%)	11,971,210	13,887,243	6,165,731	11,299,741
Total Expenses	\$14,965,913	\$18,963,258	(\$3,997,345)	(21%)	\$21,479,555	\$26,253,877	(\$4,774,322)	\$21,682,274
Net Operating Surplus	\$20,129,187	\$15,256,811	\$4,872,376	32%	\$15,404,880	\$9,664,775	\$5,740,105	\$12,969,992
Other Income/(Expenses)								
Investments, net	3,174,038	730,500	2,443,538	335%	5,146,577	1,461,000	3,685,577	3,382,171
Interest & Amortization	(190,100)	(158,306)	(31,794)	20%	(381,343)	(316,612)	(64,731)	(324,566)
Net Surplus/(Deficit)	\$23,113,125	\$15,829,005	\$7,284,120	46%	\$20,170,114	\$10,809,163	\$9,360,951	\$17,381,002
								\$16,027,597

Application for Federal Assistance SF-424

Version 02

* 1. Type of Submission:

- Preapplication
 Application
 Changed/Corrected Application

* 2. Type of Application:

- New
 Continuation
 Revision

* If Revision, select appropriate letter(s):

* Other (Specify)

* 3. Date Received:

Completed by Grants.gov upon submission.

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:

072282247

d. Address:

* Street1:

1575 South Valley Vista Drive

Street2:

* City:

Diamond Bar

County:

* 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:

Senior Director, International and Gov't

Organizational Affiliation:

* Telephone Number:

2024158008

Fax Number:

* Email:

lindas@sema.org

Application for Federal Assistance SF-424

Version 02

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-INA-OPCM-2014-2003773

* Title:

Market Development Cooperator Program 2014

13. Competition Identification Number:

2435318

Title:

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

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

SEMA Russia and NIS Business Development Program and International Vehicle Measuring Program

Attach supporting documents as specified in agency instructions.

Application for Federal Assistance SF-424

Version 02

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="300,000.00"/>
* b. Applicant	<input type="text" value="641,685.00"/>
* c. State	<input type="text"/>
* d. Local	<input type="text"/>
* e. Other	<input type="text"/>
* f. Program Income	<input type="text" value="287,000.00"/>
* g. TOTAL	<input type="text" value="1,228,685.00"/>

*** 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.)**

Yes No

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:

DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C.1352

Approved by OMB
0348-0046

Review Public Burden Disclosure Statement

1. * Type of Federal Action: <input type="checkbox"/> a. contract <input checked="" type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	2. * Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input checked="" type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	3. * Report Type: <input checked="" type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change
--	--	--

4. Name and Address of Reporting Entity:

Prime Sub Awardee

* Name: [Redacted]

* Street 1: [Redacted] Street 2: [Redacted]

* City: [Redacted] State: [Redacted] Zip: [Redacted]

Congressional District, if known: [Redacted]

5. If Reporting Entity in No.4 is Subawardee, Enter Name and Address of Prime:

6. * Federal Department/Agency: [Redacted]	7. * Federal Program Name/Description: Market Development Cooperator Program CFDA Number, if applicable: 11.112
--	--

8. Federal Action Number, if known: [Redacted]	9. Award Amount, if known: \$ [Redacted]
--	--

10. a. Name and Address of Lobbying Registrant:

Prefix: [Redacted] * First Name: [Redacted] Middle Name: [Redacted]

* Last Name: [Redacted] Suffix: [Redacted]

* Street 1: [Redacted] Street 2: [Redacted]

* City: [Redacted] State: [Redacted] Zip: [Redacted]

b. Individual Performing Services (including address if different from No. 10a)

Prefix: [Redacted] * First Name: [Redacted] Middle Name: [Redacted]

* Last Name: [Redacted] Suffix: [Redacted]

* Street 1: [Redacted] Street 2: [Redacted]

* City: [Redacted] State: [Redacted] Zip: [Redacted]

11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when the transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

* Signature: Completed on submission to Grants.gov

* Name: Prefix: [Redacted] * First Name: [Redacted] Middle Name: [Redacted]

* Last Name: [Redacted] Suffix: [Redacted]

Title: [Redacted] Telephone No.: [Redacted] Date: Completed on submission to Grants.gov

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

2435318

*PROJECT NAME

SEMA Russia and NIS Business Development Program and Interna

Prefix:

* First Name:

Linda

Middle Name:

* Last Name:

Spencer

Suffix:

* Title: Senior Director, International and Gov't

* SIGNATURE:

Completed by Grants.gov upon submission.

* DATE:

Completed by Grants.gov upon submission.

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		Total (g)
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	
1.	11.112	\$	\$	\$ 300,000.00	\$ 928,685.00	\$ 1,228,685.00
2.						
3.						
4.						
5. Totals		\$	\$	\$ 300,000.00	\$ 928,685.00	\$ 1,228,685.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM FUNCTION OR ACTIVITY				Total (5)
	(1)	(2)	(3)	(4)	
a. Personnel	\$	\$ 411,973.00	\$	\$	\$ 411,973.00
b. Fringe Benefits		127,712.00			127,712.00
c. Travel		12,000.00			24,000.00
d. Equipment					
e. Supplies					
f. Contractual		90,000.00			90,000.00
g. Construction					
h. Other					
i. Total Direct Charges (sum of 6a-6h)		641,685.00			653,685.00
j. Indirect Charges					
k. TOTALS (sum of 6i and 6j)	\$	\$ 641,685.00	\$	\$	\$ 653,685.00
7. Program Income	\$	\$ 287,000.00	\$	\$	\$ 287,000.00

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SECTION C - NON-FEDERAL RESOURCES

	(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8.					
9.					
10.					
11.					
12. TOTAL (sum of lines 8-11)					

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: _____

22. Indirect Charges: _____

23. Remarks: _____