BILLING CODE 3510-FP

DEPARTMENT OF COMMERCE

International Trade Administration

U.S. Clean Energy and Energy Efficiency Trade Mission to Saudi Arabia

Riyadh and Dhahran, Saudi Arabia April 14-18, 2012

AGENCY: International Trade Administration, Department of Commerce

ACTION: Notice

MISSION DESCRIPTION

The United States Department of Commerce (DOC) International Trade Administration's (ITA) U.S. and Foreign Commercial Service (CS) and Manufacturing and Services (MAS) units are organizing an Executive-Led Clean Energy and Energy Efficiency Trade Mission to Saudi Arabia from April 14-18, 2012.

Saudi Arabia offers abundant opportunities to U.S. companies that can contribute to its ambitious plans to improve energy efficiency and reduce reliance on hydrocarbons for power generation. The trade mission will target products, technologies and services in the clean energy sector, with an emphasis on solar power; electricity transmission and smart grid; and green building in residential, commercial and industrial settings. This mission will contribute to the National Export Initiative (NEI, www.export.gov/nei) and the Renewable Energy and Energy Efficiency Export Initiative (RE4I, www.export.gov/reee/re4i), and it supports ITA's mission of assisting U.S. businesses in entering or expanding in international markets, and enhancing U.S. exports. Saudi Arabia was selected as a Next Tier market for the NEI because it is the largest economy in the Middle East and is a political and economic leader in the region.

The mission will help participating firms gain market insight, make industry contacts, solidify business strategies, and identify or advance specific projects with the goal of increasing U.S. exports to Saudi Arabia. The schedule will include one-on-one business appointments with pre-screened potential buyers, agents, distributors and joint venture partners; meetings with national and regional government officials; and networking events. Participating in an official U.S. Government delegation, rather than traveling to Saudi Arabia individually, enhances each company's ability to secure desired meetings.

COMMERCIAL SETTING

Saudi Arabia has identified an urgent need to reduce its reliance on petroleum-generated power; as a result it is both developing alternative energy sources, principally nuclear and solar power, and promoting more efficient generation and use of energy. While Saudi Arabia possesses one-fifth of global oil reserves, it meets almost 60% of its domestic power needs from petroleum. The growth of domestic electricity demand – and thus domestic petroleum consumption – is cutting deeply into exports. Domestic consumption is growing at an estimated 8-9% annually, and is projected to almost triple in the next two decades, from 3.4 million barrels per day oil equivalent in 2009, to 8.3 million barrels per day in 2028. Peak power demand is expected to increase from 43 gigawatts in the summer of 2010 to more than 120 gigawatts by 2030. Oil used domestically is heavily subsidized by the Government resulting in not only reduced export income, but enormous opportunity costs as there is less feedstock for development of downstream petrochemical industries and the jobs that go with them. Saudi Arabia hopes to reduce by half the crude and natural gas it burns now to generate electricity, in part by developing solar power generation capacity, an area where it has clear climatological advantages. As Saudi Arabia expands its energy supply and integrates renewable energy, further investment will be required in grid modernization and smart grid technologies that enable utility management of variable energy sources.

On the demand side, residential air conditioning consumes as much as 50% of total power during Saudi Arabia's long, hot summers. Saudi Arabia plans to construct 1.65 million new homes over the next six years and will be looking closely at products, materials and technologies that reduce energy use and loss. Saudi Arabia also relies on desalination plants to produce 70% of its potable water, using as much as 1.5 million barrels per day of oil equivalent to do so; Saudi Arabia hopes to start up its first solar-powered desalination plant in 2013.

Renewable Energy: The Saudi Arabian Government has made a commitment to invest $100 billion dollars over the next ten years to develop clean, non-hydrocarbon energy sources focused primarily on nuclear and solar technologies. Its plans call for the creation of Saudi Arabia's first 5 gigawatts of solar power by 2020. Demand for power in Saudi Arabia has been continuously increasing due to rapid industrialization, economic development and population growth. Importantly, Saudi Arabia's abundant solar resources, combined with an energy intensive industrial base that uses electricity at a steep economic cost, strengthens the economic case for solar generation.

Electricity Transmission and Smart Grid: High incomes and rising electricity demand have driven both electricity consumption and investment in transmission infrastructure in Saudi Arabia. In 2010, Saudi Arabia was the 15th largest market for U.S. transmission and distribution technology exporters and the market saw a 13% compound annual growth rate over the previous decade, with U.S. grid equipment exporters sustaining a relatively high market share throughout. As Saudi Arabia expands its energy supply and integrates renewable energy, further investment will be required in grid modernization and smart grid technologies that enable utility management of variable energy sources. As the country's transmission and distribution infrastructure is modernized, commercial and industrial-

scale consumers will also seek to capitalize on potential energy efficiency gains through investments in smart grid and smart building technologies and services.

Greenbuilding/Energy Efficiency: Saudi Arabia is among the highest per capita energy users in the world. To reach its goal of reducing the amount of crude and natural gas it burns to generate electricity, all consumers – residential, commercial, industrial, government – must become more efficient users of electricity. The market potential for residential and industrial energy efficiency products and services is projected to grow rapidly and open up a wide range of opportunities for U.S. companies in the green building and energy efficiency subsectors.

Companies will have the opportunity to meet major buyers and end-users, prospective partners and government officials at the following stops:

Riyadh, the seat of government and many non-governmental organizations and educational institutions devoted to the development of alternative energies and green technologies, including the King Abdullah City of Atomic and Renewable Energy (KA-CARE). It is also Saudi Arabia's largest city, with a population of 5 million; and **Dhahran-Dammam-Khobar**, with a population of over 1 million is the home of Saudi Aramco, which will likely be a primary customer for renewable energy technology providers.

MISSION GOALS

The goal of the Clean Energy and Energy Efficiency Trade Mission to Saudi Arabia is to promote the export of U.S. goods and services by: 1) introducing U.S. companies to industry representatives and potential clients and partners; 2) advocating to Saudi officials regarding policies that would

limit U.S. export opportunities and inhibit the development of renewable resources and energy efficiency projects; and 3) introducing U.S. companies to Saudi Arabian government officials to learn about policy initiatives that will impact the implementation of renewable energy projects, improving energy efficiency, and developing a domestic manufacturing base for renewable energy products using U.S. goods and services.

The Clean Energy and Energy Efficiency Trade Mission to Saudi Arabia will advance the priorities of the Renewable Energy and Energy Efficiency Export Initiative (www.export.gov/reee/re4i).

MISSION SCENARIO

In Riyadh, mission members will participate in an Embassy briefing, meet with Saudi Government officials and take part in one-on-one business appointments with private-sector organizations. In addition, they will enjoy a networking reception with Saudi private sector managers, government officials and representatives of key multipliers. In Dhahran, mission members will attend a networking event, have customized one-on-one business appointments, meet and receive a briefing from senior managers of Saudi Aramco, and visit the industrial city of Jubail.

Matchmaking efforts will involve trade organizations and associations such as the Riyadh and Eastern Province Chambers of Commerce, the Council of Saudi Chambers of Commerce and Industry, and the U.S. – Saudi Arabian Business Council. U.S. participants will be counseled before and after the mission by CS Saudi Arabia staff and other federal agencies actively involved in clean technology trade promotion activities in Saudi Arabia.

A representative of the Export-Import Bank of the United States will be invited to participate to

discuss opportunities for export finance.

PROPOSED TIMETABLE

Date	**Location**	**Activity**
Saturday **April 14** **Day 1**	Riyadh	Arrive Riyadh Check in at hotel Ice-breaker with FCS Staff / Q&A
Sunday, **April 15** **Day 2**	Riyadh	U.S. Embassy Briefing Sectoral briefings/discussion hosted by Council of Saudi Chambers of Commerce One-on-one matchmaking meetings Evening: Networking reception hosted by Amb. Smith
Monday **April 16** **Day 3**	Riyadh-Dhahran	KA-CARE visit and policy roundtable Call on Minister of Water and Electricity Discussion panels on: (1) Legal Aspects of Doing Business in Saudi Arabia; (2) Financing Projects/Sales Evening: Fly to Dhahran
Tuesday **April 17** **Day 4**	Dhahran	Morning: Visit to Saudi Aramco, with briefing on renewable energy projects One-on-one matchmaking meetings Evening: Networking reception
Wednesday **April 18** **Day 5**	Dhahran-USA	Optional morning site visit to Jubail Industrial City Departure for the U.S.

(NB: The precise schedule will depend on the availability of local government officials and business managers, and the specific goals of mission participants.)

PARTICIPATION REQUIREMENTS

All parties interested in participating in the trade mission must complete and submit an application package for consideration by the DOC. All applicants will be evaluated, on a rolling basis, on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. A minimum of 15 and maximum of 25 companies will be selected to participate in the mission from the applicant pool. U.S. companies already doing business with Saudi Arabia as well as U.S. companies seeking to enter to the Saudi Arabian market for the first time may apply.

Fees and Expenses:

After a company or organization has been selected to participate on the mission, a payment to the Department of Commerce in the form of a participation fee is required. The participation fee for the Trade Mission will be $3,020.00 for a small or medium-sized firm (SME),[1] and $3,502.00 for large firms. The fee for each additional firm representative (large firm or SME/trade organization) is $500. Expenses for travel, lodging, meals, and incidentals will be the responsibility of each mission participant. Delegation members will be able to take advantage of U.S. Embassy rates for hotel rooms.

Conditions for Participation:

An applicant must submit a completed mission application signed by a company officer, together with supplemental application materials, including adequate information on the company's products

[1] An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see http://www.sba.gov/services/contracting opportunities/sizestandardstopics/index.html). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (see http://www.export.gov/newsletter/march2008/initiatives.html for additional information).

and/or services, primary market objectives, and goals for participation. If the Department of Commerce receives an incomplete application, the Department may reject the application, request additional information, or take the lack of information into account when evaluating the applications.

Each applicant must also certify that the products or services it seeks to export through the mission are either produced in the United States, or, if not, marketed under the name of a U.S. firm and have at least 51 percent U.S. content of the value of the finished product or service.

Selection Criteria for Participation:

Selection will be based on the following criteria:

- Suitability of the company's products or services to the market
- Applicant's potential for business in Saudi Arabia and in the region, including likelihood of exports resulting from the mission
- Consistency of the applicant's goals and objectives with the stated scope of the mission

Diversity of company size and location may also be considered during the review process.

Referrals from political organizations and any documents containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

TIMEFRAME FOR RECRUITMENT AND APPLICATIONS

Mission recruitment will be conducted in an open and public manner, including publication in the Federal Register, posting on the Commerce Department trade mission calendar (http://export.gov/trademissions) and other Internet web sites (including the Renewable Energy &

Energy Efficiency Exporters Portal at www.export.gov/reee), press releases to general and trade media, direct mail, notices by industry trade associations and other multiplier groups, and publicity at industry meetings, symposia, conferences, and trade shows.

Recruitment for the mission will begin immediately and conclude no later than March 1, 2012. The U.S. Department of Commerce will review applications and make selection decisions on a rolling basis beginning February 1, 2012. Applications received after March 1, 2012 will be considered only if space and scheduling constraints permit.

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[FR Doc. 2011-32131 Filed 12/14/2011 at 8:45 am; Publication Date: 12/15/2011]