

DEPARTMENT OF COMMERCE**International Trade Administration****Coal Mining Equipment, Technologies and Services Trade Mission to China and Mongolia**

AGENCY: International Trade Administration, Department of Commerce.

ACTION: Notice.

Mission Description

The United States Department of Commerce, International Trade Administration, U.S. and Foreign Commercial Service is organizing an Executive-led Trade Mission to China and Mongolia for U.S. companies operating in the coal and mining sector and manufacturing or distributing mining and mining-safety equipment. The trade mission, scheduled for October 23–28, 2011, will begin October 23 in Mongolia's capital of Ulaanbaatar, followed October 25–28 by the China portion of the mission, which will visit two cities—Xi'an and Beijing. The mission will include individual participant meetings tailored to each company's goals as well as appropriate government meetings. The mission will conclude at the China Coal and Mining Expo taking place October 28–31, 2011 in Beijing.

Commercial Setting**China**

China is the United States' second-largest trading partner and the world's second-largest economy. Last year, U.S. manufactured exports to China were close to \$92 billion. Since 2000, U.S. exports to China have more than quintupled. The Chinese government has announced an annual growth target of 7 percent over the next five years, which is regarded as a conservative estimate.

China is the largest coal producer in the world, with about 45% of the world's total annual production. As energy demand increases for its rapid economic development, China's coal production is growing yearly. For the past three years, the country's coal production was 2.7 billion tons, 2.9 billion tons, and 3.2 billion tons respectively. It is expected to reach 4 billion tons in 2011. Coal currently accounts for between 65–70% of China's primary energy supply, and demand for coal is forecast to grow 3.2% annually through 2030.

About 90% of the coal mining equipment used in China is produced domestically. However, Chinese

companies are still behind technologically in mining equipment production.

China is also the world's largest emitter of greenhouse gases (GHGs), responsible for over 20% of annual CO₂ emissions from burning fossil fuels. Eighty percent of these emissions come from coal. Domestic scarcity of high-quality, cleaner-burning coal poses an additional challenge.

While coal usage efficiency has improved in China, it remains low compared with developed countries. Power generation accounts for 48% of China's coal consumption and a large proportion of flue gas remains untreated prior to emission.

China welcomes foreign participation in the clean-coal sector, including improving the efficiency and clean use of coal. However, significant challenges remain, particularly industry fragmentation, which limits both the quality of the coal that is mined and the ability of coal companies to invest in newer, cleaner technologies. Stronger and more uniform application of standards and incentives is also needed.

Mining

U.S. companies enjoy their greatest competitive advantage in supplying heavy coal mining machines and systems. For underground mining operations, U.S. firms compete well in the following categories: long-wall shearers, stage-loaders, continuous miners, batch haulage vehicles, road headers, hydraulic roof support systems and conveyor systems. For open-pit mining, U.S. firms' best opportunities include electric mining shovels, walking draglines, blast hole drills, and heavy mining trucks.

Coal Mine Safety

Coal mine safety remains a critical issue in China. In 2007, China saw 3,786 deaths in coal mine accidents. In order to address the issue of safety, the Chinese government closed 2,969 small coal mines (below 30,000 tons of production capacity) considered unsafe.

The Chinese government requires all coal mine sites to install a complete safety system, which includes a monitoring system, life shelters, communications system, personnel positioning system, and ventilation and water system. According to the State Administration of Coal Mine Safety Supervision, China is aggressively purchasing safety equipment for large state-owned coal mines. China will spend billions of dollars over the next five years to improve safety in its 10,000-plus coal mines. Many analysts predict that China will need to invest

over \$151 billion in coal infrastructure by 2020. Part of this investment will cover improvements for coal mine safety.

This creates significant opportunities for foreign companies to export coal-mine safety equipment to China. Best prospects also include gas control systems and fire and gas monitoring and control equipment. The industry will see continued consolidation and a push toward bigger, safer and more modern mines. This is part of the overall policy goal of increasing efficiency, safety and reducing waste.

Clean Coal

Clean coal solutions can be divided into three categories based upon the stage of energy production: pre-combustion, conversion and combustion, and post-combustion. U.S. suppliers enjoy good prospects in all three categories.

Pre-combustion: advanced and energy efficient coal-mining equipment, coal blending, coal screening and scrubbing.

Conversion and combustion: coal liquefaction, gas-turbine technology, Integrated Gasification Combined Cycle (IGCC), Ultra Supercritical Power Generation (USPG), Underground Coal Gasification Combined Cycle (UCGCC).

Post-combustion: Carbon Capture and Sequestration (CCS), Flue Gas Denitration (De-NO_x), Flue Gas Desulphurization (De-SO_x), Particulate Matter (PM) removal.

Mongolia

Mongolia is a vast country with rich natural resources, including coal, copper, molybdenum, tin, tungsten, and gold, making mining the most important sector for Mongolia's economic development. Its world-class mineral deposits have attracted considerable investment in recent years—over \$600 million in direct foreign investment in 2010. The landmark Oyu Tolgoi Copper-Gold Mining Project Investment Agreement signed in 2009 between the Mongolian government, Ivanhoe Mines and Rio Tinto has so far brought over \$2 billion into Mongolia.

Mining is crucial to Mongolia's development and the mining sector has been a major contributor to the country's GDP. Once major mining projects go into production, Mongolia should see a significant increase in GDP growth, estimated at over 13% for 2011–12. This development undoubtedly will be accompanied by a surge in mining-related imports of plant and machinery. Furthermore, the expansion of the mining sector will have a far-reaching effect on other sectors.

Mongolia has enormous coal reserves estimated at some 100 billion metric tons. In addition, Mongolia's immediate proximity to the world's largest consumer of coal—China—makes the country's coal exploration prospects very attractive, as Mongolia's role in the world coal market grows in importance.

In 2010 coal overtook copper as Mongolia's most important export, accounting for 30% of exports. The country's coal output is projected to grow at an annual average rate of 62.3%, reaching 16.2 million tons per annum by 2015. The Mongolian Government recently invited tenders for two contracts associated with Tavan Tolgoi, one of the world's largest coal deposits. Companies from Russia, Australia, South Korea, Japan, the U.S., India and China are reported to be among the consortia bidders. Licenses for the mine will be held by the state-controlled Erdenes Tavan Tolgoi. The government is preparing for an initial public offering (IPO) for this firm. The IPO is likely to raise several billion U.S. dollars that will help to fund the development of the mine and associated infrastructure.

Mongolia has improved its business environment over the past decade. Most important, the government recently rescinded the 68% tax on windfall

profits on Mongolian copper and gold, which was a great impediment to foreign investment into the country.

Mission Goals

The goals of the mission are to help participating companies initiate or expand their exports to China and Mongolia through introductions to industry representatives and potential partners, networking opportunities, current market information and policy discussions with national, provincial and municipal authorities.

This trade mission will permit U.S. companies to showcase effective, state-of-the-art equipment and technologies and to understand underlying issues in their market sector.

Mission Scenario

U.S. firms will need to work with key players, including government regulators, academicians, industry associations, financial institutions, major clean-coal operators (coal, power, and oil and gas companies) to make sure to get a firm foothold in the market. The mission will begin with the stop in Ulaanbaatar, then proceed to Xi'an, capital of Shaanxi Province, one of China's lead coal-producing regions, and conclude in Beijing. At each stop

participants will meet with provincial officials and potential private-sector partners. The mission will end in Beijing, where participants will meet with central-government officials of the State Administration of Coal Mine Safety and National Energy Administration, and with private-sector entrepreneurs at the China Coal & Mining Expo trade show.

The participants will attend policy, market and commercial briefings by the U.S. Commercial Service as well as networking events which offer further opportunities to speak with local business and government representatives. Participation in the mission will include the following:

- Pre-travel briefings/webinar on subjects ranging from business practices in China to security;
- Pre-scheduled meetings with potential partners, distributors, end users, or local industry contacts in Ulaanbaatar, Xi'an and Beijing;
- Meetings with government officials in Ulaanbaatar, Xi'an and Beijing;
- Airport transfers in Ulaanbaatar, Xi'an and Beijing;
- Meetings with state government and municipal officials in Mongolia and China; and,
- Networking receptions.

PROPOSED TIMETABLE

Saturday, October 22, 2011	Ulaanbaatar • Participants arrive in Ulaanbaatar via Beijing or Seoul/check-in and rest overnight.
Sunday, October 23, 2011	Ulaanbaatar • Welcome briefing at hotel. • Morning and afternoon free. • Evening reception.
Monday, October 24, 2011	Ulaanbaatar—Beijing • Group meetings with government officials and Mongolian companies. • Evening departure for Beijing. • Overnight in Beijing (airport hotel).
Tuesday, October 25, 2011	Beijing—Xi'an • Morning travel to Xi'an. • Afternoon meetings with government officials and Chinese companies. • Evening reception.
Wednesday, October 26, 2011	Xi'an—Beijing • Meetings with government officials and Chinese companies. • Afternoon travel to Beijing.
Thursday, October 27, 2011	Beijing • Meetings with government officials and Chinese companies. • Optional set up for expo participants. • Evening reception.
Friday, October 28, 2011	Beijing • Opening ceremony of China Coal & Mining Expo. • Trade show tour. • Meetings with government officials and Chinese companies. • Official end of trade mission.

Participation Requirements

All applicants will be evaluated on their ability to meet certain conditions

and best satisfy the selection criteria as outlined below. The mission is designed to select a minimum of 15 U.S.

companies to participate in the mission from the applicant pool. U.S. companies already doing business in the target

markets as well as U.S. companies seeking to enter these markets for the first time should apply.

Fees and Expenses

After a company has been selected to participate in the mission, a payment to the Department of Commerce in the form of a participation fee is required.

For the entire mission (China and Mongolia), the fee will be \$6,245 for large firms and \$5,475 for small and medium-size enterprises (SMEs,¹ *i.e.*, companies with no more than 500 employees).

For China only, the fee will be \$4,995 for large firms and \$4,500 for SMEs. The fee for each additional participant per company will be \$725.

For Mongolia only, the fee will be \$1,250 for large firms and \$975 for SMEs. The fee for each additional participant per company will be \$200.

Expenses for travel, lodging, most meals, and incidentals will be the responsibility of each mission participant.

Conditions for Participation

- An applicant must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services, primary market objectives, and goals for participation. If the U.S. 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 and 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.

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Selection Criteria for Participation

- Suitability of the company's products or services to the Chinese and/or Mongolian markets and targeted sector.

- Consistency of the applicant's goals and objectives with the stated scope and design of the mission.

- Applicant's potential for business in China and/or Mongolia, including likelihood of exports resulting from the mission.

Diversity of company size, type, location, and demographics, 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.

Selection Timeline

Mission recruitment will be conducted in an open and public manner, including publication in the **Federal Register** (<http://www.gpoaccess.gov/fr>), posting on ITA's trade mission calendar—<http://www.trade.gov/trade-missions>—and other Internet Web Sites, press releases to general and trade media, direct mail, broadcast fax, 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 August 12, 2011, unless extended by the Department of Commerce. Applications received after August 12, 2011, will be considered only if space and scheduling constraints permit.

The U.S. Department of Commerce will inform applicants of selection decisions as soon as possible after August 12, 2011.

Contacts

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DEPARTMENT OF COMMERCE

International Trade Administration

Transportation Infrastructure/ Multimodal Products and Services Trade Mission to Doha, Qatar, and Abu Dhabi and Dubai, United Arab Emirates

AGENCY: International Trade Administration, Department of Commerce.

ACTION: Notice.

Mission Description

The U.S. Department of Commerce, International Trade Administration, U.S. Commercial Service is organizing a senior executive-led trade mission for multimodal transportation and infrastructure development products and services to Doha, Qatar, and Abu Dhabi and Dubai, United Arab Emirates (U.A.E) on October 29–November 3, 2011. The mission is designed to contribute to President Obama's National Export Initiative, which aims to double U.S. exports by 2015 while supporting two million American jobs, by increasing exports of products and services that contribute to infrastructure development projects in Qatar and U.A.E.

The mission will help U.S. companies already doing business in Qatar or the U.A.E. increase their current level of exports and exposure, and will help experienced U.S. exporters, which have not yet done business in Qatar or the U.A.E. enter these markets in support of job creation in the United States. Participating firms will gain market information, connect with key business and government decision makers, solidify business strategies, and/or advance specific projects. In each of these important sectors, participating U.S. companies will meet with prescreened potential partners, agents,

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/contractingopportunities/owners/basics/whatisasmallbusiness/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>.