

d. Competition

(1) Sinfonian Producers

There are no widget producers in Sinfonia. Widget production demands a highly skilled labor force, high capital investment costs, and a healthy amount of research and development. It is difficult to imagine Sinfonia overcoming such barriers to entry in the near term. Credit, though more readily available now, is too expensive for many companies. Equity is still viewed with suspicion,. And, the scientific and university communities lack both the funding and expertise required for widget research and development.¹⁶

(2) Third-Country Producers

Of the 100,000 widgets Sinfonia imported for testing and evaluation in 2000, only 100 came from a U.S. widget producer. The rest came from the U.K. and France. This is not surprising given Sinfonia's lack of exposure to U.S. widget producers or even to products that employ U.S. widgets. (Audio jammers are practically unheard of in Sinfonia.)

(i) Advantages for Third-Country Producers

AWA suspects that Shake Break, the second largest producer in the world, is the source for most of the widgets Sinfonia has imported. This is not surprising given its proximity and product familiarity. Treble and Baritona are both served by non-stop one-hour flights from London's Hedgerow Airport.¹⁷ Moreover, Shake Break manufactures the only widget-based product sold in Sinfonia: the wild boar caller, introduced in 1995. Too expensive for the average Sinfonian hunter or wildlife photographer, business executives and high government officials have all abandoned their traditional ram-horn callers for the new technology.¹⁸

(ii) Advantages for U.S. Producers

The widgets used in Shake Break's boar caller certainly provided the company with an "in" with Sinfonian business executives. It underlines the Europeans' dominance in the mammal signaling sector

¹⁶"Sinfonia in the World Economy", Economist Intelligence Unit (19 April 2000) at 62.

¹⁷Sinfonia's accession to the European Union also makes interchange easier. U.K. citizens, unlike their American counterparts, do not need visas and can work and live in Sinfonia for unlimited amounts of time. See "Primer on EU Labor and Immigration", *Europe Today* European Commission (7 June 2000) at 73.

¹⁸"Boer-dom Yields to Excitement Over Game Call", *Field and Scream* (30 Aug 1998) at 117.

of the industry. However, no European producer has gotten a long-term production contract for providing consumable widgets.

U.S. producers Quiver Cut and Vibe Tech are the only two producers in the World to have landed prime contracts for this budding market sector. They already supply Malaysian and Taiwanese producers of sculpted Mylar. Of the six other U.S. firms that can produce consumables, four are currently pursuing long-term supply contracts in China and Thailand.

Another advantage U.S. firms have is the depth of experience among companies that do not actually produce widgets. Four or five AWA companies have already developed specialities as subcontractors to turn-key integrators who build plants that use consumable widgets. A few other AWA companies specialize in consumable widget waste disposal, handling, and packaging. AWA is not aware of any such capability in Europe, although member-company executives have heard reports from East Asia clients that Shake Break and a French company, BougePlus, are offering some consumable-widget support services.

c. Economic Situation and Export Prospects

Situated in the Atlantic Ocean between Ireland and Spain, Sinfonia is an Island nation about the size of Ireland. It is difficult to compare Sinfonia with its neighbors. Sinfonians have a reputation for being proud about what distinguishes them from their better-known neighbors.

Although it is the westernmost country of Western Europe, Sinfonia has not benefitted from the region's high level of prosperity. The per-capita gross domestic product (GDP) is much higher in the UK, France, Ireland, Spain, and Portugal. However, the per-capita figures are misleading. They result primarily from large families that usually feature one parent in full-time paid employment and one in the home.¹⁹ When this demographic distinction is considered, household income is much closer to Western European norms than per-capita income alone indicates.

Sinfonia's uniqueness is based in history as well as economics and demography. For centuries, Sinfonia defied the great powers that surround it. In the 1500s and 1600s, it annoyed Spain by tolerating British pirates and privateers. During the Napoleonic wars, it confounded France by refusing to yield to rule by Napoleon's third cousin. In the 20th Century, Sinfonia remained neutral in WWII and rejected EU membership several times before finally joining near the end of the century. Things have begun to change. Now, Sinfonia is reaping the benefits of integration, including a new power grid, made possible

¹⁹Sociologists have speculated that Sinfonia's average of 3.6 children per family is most likely the direct result of frequent black-outs. "If children are a blessing" quipped Dr. Pershans N. Meades, "then Sinfonia's unreliable electrical grid has showered the country with more than its share of blessings." See *Economy, Demographics, and Sociology of Sinfonia*, University of Bilbao (12 April 1998) at 24.

Sinfonia's recent membership in the European Union has been greeted with open arms by many Sinfonian business people. Foreign entities can invest with very few restrictions now. Local firms, though still underfinanced, are more likely to get loans if they do decide to borrow. Some are even warming to the idea of selling equity shares. Since the demise of the Pranoistas in 1993, the clef, after five years of instability, has been fairly stable in relation to the U.S. dollar.²²

(2) Microeconomic Considerations

(a) Sinfonian Industrial Customers

In the past, Sinfonian companies in all sectors shared one obvious impediment to business expansion: lack of capital. The regulations and lack of available capital that characterized Pranoista governments before the early 1990s hurt all Sinfonian companies. Current Prime Minister Felipe Harmonia's government has, under the banner of complete European integration, liberalized the banking and securities industries. Since 1999, foreign banks have had practically no restrictions on operating in Sinfonia.²³ Treble's tiny stock exchange has also benefitted. Since 1998, it has been affiliated with London's stock exchange.²⁴

(b) Sinfonian Widget Consumers

AWA's near-term target is industrial consumers of disposable widgets. However, AJDA is confident that within a few years, per capita income and consumer attitudes will have changed enough to make Sinfonia a viable market for widget-based consumer products. On average, economists have found high-end consumer audio products to be viable in markets where average per-capita GDP reaches \$12,000 per year.

(i) Ability to Buy

At \$7,600 per year, Sinfonia has a ways to go to reach that level. Sinfonia will probably become viable as a market before reaching the \$12,000 threshold. Because Sinfonians have such large families, they benefit from economies of scale in household income. This frees up more disposable income than the standard per capita figure indicates.

More importantly, AJDA calculates that demand in Sinfonia will take off as soon as the average

²²"Sinfonia in the World Economy", *Economist Intelligence Unit* (19 April 2000) at 32.

²³"Sinfonia Bank Restrictions Fall", *Economist* (7 February 1999) at 45.

²⁴"Sinfonia Plays FTSE", *Economist* (27 May 1998) at 41.

Sinfonian has the means to buy audio jammers. Although the Pranoista regime is now a thing of the past, there is still a fair amount of nostalgia for some Pranoista traditions. One of these is the playing of “Sin Salsa” in restaurants, stores, and other places of public accommodation.

(ii) Interest in Product

While many older Sinfonians love to hear the old music playing, most young people despise it. With the average age of legislators at 53, the likelihood of banning Sin Salsa from public places is not good in the short-term.²⁵ The legislators are old enough to like Sin Salsa but not so old as to be politically vulnerable. Until young Sinfonians come into their own politically, they will want to do all they can to jam Sin Salsa sounds. U.S. audio jamming products, based on widget technology, promise to be a big hit in Sinfonia.

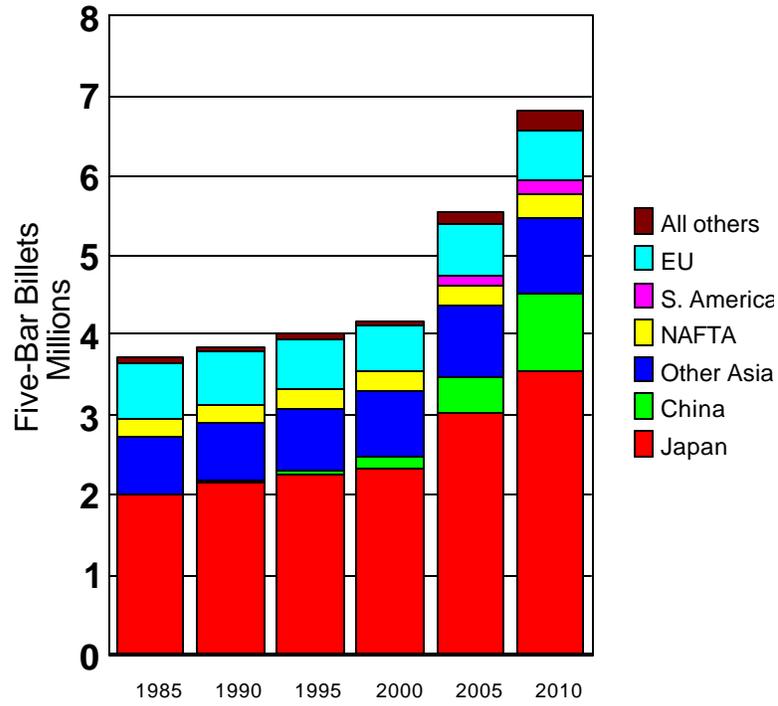
(3) World Demand for Sinfonia Products that Rely on Widgets

When Sinfonia automates its notal chord processing, it will be able to make several times the number of five-bar billets that it currently produces. Fortunately, the primary market for these billets, karaoke, should be able to absorb the likely increase in production. Karaoke has taken off in China in the last year. Moreover, in Japan, a new sumo-karaoke is coming out that produces much higher volume by consuming five-bar billets at a rate three times the traditional machines.²⁶

²⁵“Stil Out of Touch in Treble?”, *Economist* (17 March 2001) at 24.

²⁶“New Product Will Meet Rising World Demand”, *Karaoke Monthly* (16 June 2001) at 32.

Global Demand



Source: "Billet Demand," *Karaoke Today* (15 July 2001) at 19.

3. Project Description

a. Work Plan

A chart summarizing the staging of the work plan is provided in Appendix 1.

(1) Establish AWA Office in Sinfonia.

Because of their proximity to Sinfonia and the marketing of at least one widget-based product in Sinfonia, our competitors from the UK and France are already “on the ground”. The U.S. industry must have a presence if it is to succeed. Part of the U.S. industry’s strategy with this Sinfonia Initiative is to build on AWA’s short-term success with longer-term success by AJDA, which will establish its Sinfonian office in the third year of the project.

(2) Prepare Promotional Information for Sinfonian Market

AWA, AJDA, and widget industry companies all need to be prepared to present general information about their companies and their products to Sinfonians in Sinfonian. This includes translation of brochures, which will be subsidized through the Sinfonia Initiative. It also includes basic export and e-commerce considerations for U.S. executives. These will be developed in cooperation with the Software and Information Industry Association (SIIA), which just completed a series of seminars across the United States on how to use e-business to export. The individual activities are listed below.

- C Translate association and company literature into Sinfonian.
- C Create Sinfonian version of websites.
- C Create web-based executive briefing on web content guidelines and e-business.
- C Help U.S. companies to develop appropriate content for their listings on the Sinfonian web page.
- C Counsel U.S. widget companies on website upgrades and exporting.

(3) Take American Widget-Related Companies to Sinfonia

U.S. widget industry companies are eager to go to Sinfonia (as evidenced by the willingness of company officials to sing sauna karaoke). AWA and AJDA will organize the initial effort to get U.S. officials to Sinfonia through the activities listed below.

- C Create web-based executive briefing on export financing, logistics, and other export topics.

- C Hold two technical seminars in Sinfonia to showcase American widget technology.
- C Lead two trade missions to follow up on technical seminars.

(4) Bring Sinfonian Potential Customers to U.S. Trade Show WidgExpo

Although the economic restrictions of the past have been lifted, Sinfonian companies are still pretty undercapitalized compared to most of their EU colleagues. Lack of money by Sinfonian executives should not keep them from WidgExpo in Las Vegas. One component of the Sinfonia Initiative is to pay the travel expenses of eight Sinfonian executives to WidgExpo in October 2004. AWA would choose the executives to travel. These executives would pay only for their registration fee. AWA and AJDA feel that it is very important to get Sinfonian executives away from our UK and French competitors. WidgExpo will show the Sinfonians a sampling of the widget industry worldwide. We are confident that they will come away impressed with the U.S. industry.

(5) Establish AJDA office in Sinfonia.

Establishing an AJDA office is a natural next step for the U.S. widget industry. Audio jamming devices represent a much larger potential market than the industrial widget customers that Sinfonia currently has to offer. The opening of the AJDA office won't come until the third year of the project. This will allow AJDA to build on AWA's experience. It will also allow AJDA to wait until Sinfonian per capita income is high enough to establish a viable market for audio jamming devices.

b. Performance Measures

AWA currently tracks sales information through quarterly reports submitted via email by member companies. Members' responsibility to report accurately and in a timely fashion is stated in the terms of membership. AWA has a 95% response rate since it began using this approach in 2000. AWA will add to the report requirements, both categories of performance measures listed below.

(1) Applicant-Designed Measures

The initial Sinfonian customers will be notal chord processors that must automate their plants before they will buy large quantities of consumable widgets. Accordingly, the ultimate measure of our success during the three-year project period will be the signing of memoranda of understanding (MOU). Actual export sales in any volume will not occur before mid- to late 2005, the earliest that automated processing could begin. Currently, there are 22 notal chord processors in Sinfonia, each of which account for about the same amount of market share.

(a) Contracts or MOUs by End of 2005: 22

Because U.S. companies are the only ones currently selling consumable widgets, and because of the perception of U.S. widget products as technologically superior, we can confidently expect to secure supply contracts or MOU with over half of the Sinfonian producers by the end of 2005.

(b) U.S. Participants in Technical Seminars/Trade Missions:
4 Consumable Widget Producers and 8 widget-Related Firms

In order to have 22 MOUs or contracts by the end of 2005, U.S. companies need to be busy getting the word out in Sinfonia. Two of the eight U.S. makers of consumable widgets have already notified AWA that pursuing the Sinfonian market does not fit in their business plans at the moment. AWA has preliminary commitments from the remaining six to participate in the technical seminars. Because the schedule has not been nailed down for the technical seminars, we are being conservative, estimating that perhaps only four of the six will actually be able to attend.

Of the 47 widget related companies, 21 have indicated that they could invest travel time and funds in the Sinfonian market. Based on our 34 years of experience matching the intentions and the actions of our members, we estimate that a little more than half of these companies will actually participate. We use the goal of eight companies as a conservative goal since it also represents the average number of widget-related services that consumable widget customers use.

(2) Government Performance Measures

As noted above, AWA will collect from its members on a quarterly basis, the information described below.

- (a) Perception of value to U.S. businesses including:
 - (i) level of awareness and understanding of ITA products and services,
 - (ii) satisfaction with the quality of ITA products and services,
 - (iii) ease of use of ITA's Internet portal,
 - (iv) ease of access to ITA export and trade information and data.
- (b) Number of deals executed by U.S. businesses.
- (c) Dollar value of exports of U.S. businesses.
- (d) Number of U.S. businesses that are new to export.
- (e) Number of U.S. businesses that are new to market.
- (f) Brief description of each partnership between ITA and a public or private entity that is established or enhanced.

- (g) Number of export activities undertaken by U.S. businesses including the examples of initiatives outlined in Section IV.A.1. of the MDCP Federal Register notice (66 Fed. Reg. 16176 at 16182 (23 March 2001)).

(3) Performance Measure Recording and Reporting

As noted above, AWA will collect performance measurement information in its quarterly reports from members. This information will be reported to ITA in AWA's quarterly program reports.

c. Partnership with ITA and Other Entities

(a) Trade Development's Office of Gadget and Gizmo Industries

AWA and AJDA have discussed the Sinfonia Initiative with officials from Trade Development's (TD) Office of Gadget and Gizmo Industries. Some of the elements of the initiative resulted from those discussions. We believe that this office's participation in the technical seminars and trade missions will impress Sinfonians and be a great help to AWA and AJDA. We would also find TD's help with our e-business strategy to be very useful. TD's partnership with SIIA on using e-business for exporting will guide us.

(b) Market Access and Compliance's Office of European Union and Regional Affairs

Because of Sinfonia's recent absorption into the EU and the WTO, we do not anticipate any significant market access issues. However, we welcome the opportunity for a quick briefing from Market Access and Compliance well in advance of our first technical seminar.

(c) Foreign Commercial Service's Officers in Treble, Sinfonia.

The Senior Commercial Officer has already advised us informally about setting up an office in Baritona, Sinfonia. We will purchase the International Partner Search to identify candidates for our office director position as well as a few initial widget industry contacts to use for advertising our technical seminar.

(d) Export Assistance Center Officials Nationwide

Wherever we can arrange it, we would like to have an official from the nearest Export Assistance Center (EAC) accompany AWA officials during visits to member companies to discuss the Sinfonia Initiative.

(e) Audio Jamming Device Association (AJDA)

As outlined in the work plan, AWA will be cooperating with AJDA, with AWA taking the lead. The Sinfonia Initiative culminates with the opening of AJDA's Sinfonia office in the third year of the project.

d. ITA Priorities and Project Priorities

(1) Broaden Awareness of Export Programs

The Sinfonia Initiative will broaden the participation in exporting, in part, by making smaller companies aware of ITA programs. Our partnership with ITA offices will be evident to participating companies. These should be reassured to have ITA on their side.

(2) E-Commerce

The Sinfonia Initiative has e-commerce as an important component for reaching and maintaining links with the market.

(3) Export Education and Assistance

Through the Sinfonia Initiative, we will develop educational tools and provide company-specific assistance in exporting.

4. Credentials

**a. Description of AWA Membership/
Qualifications, Structure, and Composition**

As noted above, AWA membership is divided into three categories: producers, after-sale service, and other widget-related businesses.

b. Degree to Which AWA Represents the U.S. Widget Industry

AWA represents all U.S. widget manufacturers. All the after-sale servicers certified by Underwriters Lab are AWA members. As regards the "other" category, the definition of which companies should fall into the category is less precise. Most of the companies sell products and services to customers outside of the widget industry as well as to those inside. AWA estimates that at least 90% of companies that provide "other" widget-related products and services are AWA members.

c. The Role Foreign Membership Plays in AWA Affairs

One AWA company, Linkletter, Ltd., is a Canadian after-sale service provider. Another Canadian company, LaFleur, Ltd., is an AWA member that falls into the “other” category. Neither company sits on any AWA governing committees. If involvement by either of these foreign companies on an AWA committee would jeopardize the Sinfonia Initiative, AWA requests that ITA notify it immediately.

d. History of U.S. Widget Industry Competitiveness in International Markets

U.S. widget companies made their first foreign sales to Canada in 1975. The first foreign sales beyond Canada were to Mexico in 1984. An AWA member established a joint venture in South Korea in 1987.

e. AWA’s Export Promotion History

AWA began export promotion in 1984 when we did a technical seminar in Monterrey. Since then, on an ongoing basis, AWA has counseled its members on exporting. In 1988, AWA brought one of its members together with a Korean firm to establish the first overseas widget joint venture. Since then, AWA has sponsored at least one trade mission per year. Destinations have included France, the UK, Germany, Korea, Italy, and Mexico.

f. Partner’s Export Promotion History

The history of AJDA is outlined in its annual report, attached as Appendix 2. In the last ten years, AJDA has sponsored public relations campaigns in several EU countries, North America, Japan, and South Korea. AJDA has also organized trips to several trade shows in Europe and East Asia.

g. Resumes

(1) Project Director

The primary contact and project director will be AWA’s Marketing Manager. Curriculum vitae is provided in Appendix 3.

(2) **Principal Staff**

Curriculum vitae for the principal officials is provided in Appendix 3.

h. **Projection of Time Each Professional Will Devote to the Project**

See budget worksheets provided in Appendix 7.

5. **Finance and Budget**

See Appendices 4-8.

6. **Forms**

See Appendices 14-17.

7. **Other Appendices**

See List of Appendices.

List of Appendices			
#	Title	Included in Example	Notes
1.	Work Flow Chart	X	See notes for Appendices 4-8.
2.	AJDA Annual Report 2000		Should include most recent audited financial statements.
3.	Curriculum Vitae for Key AWA and AJDA Personnel		Includes Exec. Dir., Mkt. Mgr., as well as position descriptions for Sinfonian Office Dir. and Assistant.
4.	Budget Information (Form 424A)	X	<p>Developed as a linked spreadsheet, which is available in Lotus (.wk4) and Excel (.xls) formats. Feel free to use this spreadsheet file as the basis for creating your own budget. Note the following features that may help you to read the worksheets:</p> <p>Green-numbers are entered.</p> <p>Red numbers are calculated automatically in the spreadsheet.</p>
5.	Budget for Project Award Period	X	
6.	Calculation of Fringe Benefits and Indirect Costs	X	
7.	Personnel Expenses	X	
8.	Non-Personnel Expenses	X	
9.	AWA Annual Report 2000		Must include most recent audited financial statements.
10.	AWA List of Members		
11.	AJDA List of Members		
12.	Letter of Eligibility		A one-page letter from MDCP Mgr. If you don't have one, contact Brad Hess A.S.A.P.
13.	Letters of Partnership		Letter from AJDA's Exec. Dir. certifying agreement with MDCP application.

List of Appendices			
#	Title	Included in Example	Notes
14.	Application for Federal Assistance (Form 424)		<p>See instructions at: www.export.gov/mdcp (application kit)</p> <p>Direct link is: http://www.ita.doc.gov/td/mdcp/fy01/01applicationkit23mar01.html</p>
15.	Assurances - Non-Construction Programs (Form 424B)		
16.	Applicant for Funding Assistance (Form 346)		
17.	Certifications: Debarment, Responsibility Matters; Drug-Free Workplace & Lobbying (Form 511) and Lower Tier Covered Transactions (Form 512)		
18.	List of Media Contacts		<p>You <i>do not</i> need to submit this as hard copy:</p> <ul style="list-style-type: none"> o Send it as an email attachment to Brad_Hess@ita.doc.gov. Or, include it on a diskette submitted along with your application on. o Use a spreadsheet or database format (.123, .wk4, .wk1, .xls, .dbf). o The most important information is: <ul style="list-style-type: none"> - Name of media outlet - Email address - Fax number <p>Why do we want this information?</p> <ul style="list-style-type: none"> o The Federal Government is obliged to inform the public how it uses tax dollars. o Our press release sent directly to media in your area and your industry will help your own PR effort.

For MDCP evaluation review by Federal Government officials only.

Other Appendices As Needed or Desired		
#	Title	Notes
o	Anecdotes that Demonstrate Export Success for Small Businesses	Often, the best way to demonstrate your vision for the project is to relate a brief story that illustrates how individual companies will benefit from your project. This can be based on actual experience with a smaller company or it can be projected as a model scenario for what you hope to accomplish. Whether you rely on an actual example or make one up, it should demonstrate your vision of what you want to accomplish with your project. You may include anecdotes as appendices or as part of you main text..
o	Brochures.	Often the information in an organization's annual report provides enough general information about its mission. If you don't have an annual report or if yours does not include such information, include a copy of a brochure that describes what you do. We do <i>not</i> need to see a copy of everything you have ever published.
o	Letters of Support from Private Companies	Letters from executives of selected small companies that will participate in your project can help to illustrate that you have the support of the business constituency that you claim to represent or wish to help. A sampling of companies should suffice. You do not need to submit a letter from every company.
o	Disclosure of Lobbying Activities (Form LLL)	Only required if you plan to use Fed. financial assistance to lobby Federal Govt.

Other Appendices As Needed or Desired		
#	Title	Notes
o	Support Letters from Public Officials	<p>Sometimes a letter of support by a public official is highly relevant to the viability of your proposed project. For example, if you are partnering with a state government agency or using state funds, a letter from the governor, state agency head, or comptroller would be required.</p> <p>Considerations for public official support letters:</p> <ul style="list-style-type: none"> o Except as noted above, these letters of support from public officials are neither required nor expected. MDCP awardees are selected pursuant to our published evaluation procedures. o If you provide support letters, include them as appendices. This increases the likelihood that all reviewers will see them. Letters submitted separately after your application will be inserted into your application. Because this usually occurs after we have already sent application copies out for evaluation review, it is often difficult to ensure that all reviewers see all such letters of support. o Letters can be addressed to the Secretary of Commerce.
o	Other documentation	<p>You may wish to refer the reader to additional explanation in the appendices; however, the essence of your application must be included in the narrative and the budget appendices.</p>