Background of International Trade

- **Business Scenarios**
  - Focus: Reasons for Trade
  - External Forces
  - Resultant Actions

- **Research & Development**

- **Current State**
Offsets / Countertrades

- Focus: Sell product
- Change in nature of trade over time
  - Commodities
  - Training
  - Manufacturing
- Outcomes dependent on trade
Offsets / Countertrades

- Larger companies
- More international purchases
- Majority of goods brought into US
- Largely positive
  - Increased sales
  - Increased utilization
- Some drawbacks
Offsets / Countertrades

- 25% of world trade
- Company-specific policies/practices
- Company advantage
- Mutual advantage
Changes to R&D Structure
Evolution of R&D

- Trends within the company
  - Increase in market interaction
  - Movement from centralized R&D structure to hybrid
  - Increase in “applied” R&D

The trend was away from doing own basic research
Collaborations

- Sources of basic R&D needed
  - Universities
  - Suppliers
  - External laboratories
  - Government laboratories / agencies

The need for high quality basic research exists
Technology Planning & Acquisition

- Strategic universities
- Strategic suppliers
- Technology links
- Off shore resources

We are moving from a supplier relationship to a partner relationship
Globalization of R&D

- Excellent resources are available
- Diversity of ideas / research available
- Value greater than just being a supplier

*We seek the highest quality R&D*
Globalization

- In a global world, if you’re not “there” you won’t survive

- Principal benefits of global R&D
  - Proximity to the market
  - Exposure to a diversity of people and ideas

- Global corporations must value non-U.S. business experience as much as U.S. experience

- Country teams
  - Empowered to devise their own strategies
  - Important for creating responsiveness to local needs/opportunities