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SPEEDNEWS 6TH ANNUAL AEROSPACE & DEFENSE INDUSTRY SUPPLIERS CONFERENCE

INTERNATIONAL STRATEGIES AND EXPORT CONTROLS



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STRATEGIC DRIVERS FOR INTERNATIONAL SALES

- **Revenues and Margins**
 - **Nice incremental sales for US defense firms (~10-15% of revenues)**
 - **Good incremental margins**
 - **Critical for European defense firms (50% of revenues)**
 - **Fundamental to commercial aerospace**
 - **Asian and Middle East markets back on upswing driven by stronger economies, security needs, petrodollars**
 - **Pursue via direct sales, joint ventures or teams**
- **Leverage engineering capacity**
 - **Joint development**

STRATEGIC DRIVERS FOR INTERNATIONAL SALES (CONT'D)

- **Globalizing Supply Chains**
 - **Search for best technology/capability**
 - **Search for lower cost**
 - **Get closer to end user (government customer, OEM, etc.)**
 - **Currency hedges**

EXPORT CONTROLS REPRESENT A FRICTION IN THE SYSTEM

- **A (necessary) friction**
- **Commonly heard frustrations**
 - **Timelines**
 - **Transparency**
 - **Consistency**
- **Recent process improvements overwhelmed by increasing volumes**
- **Complexity is rising**
 - **Rising complexity of the transactions (joint development), of the technology (COTS) and of the relationships (global supply chains)**

EXPORT CONTROLS REFORM EFFORTS

- **Two major philosophical camps**
 - “It’s the resources”
 - “It’s the structure”
- **1990s round of efforts**
 - **Munitions list reviews**
 - **Country exemptions**
 - **Higher walls around fewer things**

EXPORT CONTROLS REFORM EFFORTS “2008 STYLE”

- **15+ export control reform studies/commissions/efforts under way**
- **New alignment of constituencies**
- **Focus on processes and resources – recent Administration directives**
- **New approaches**
 - **“Trusted communities” – verified end users, US-UK treaty, US-Australia treaties**
- **Requires education, hard work, leadership**
 - **Until then - friction will remain, certain countries remain “problematic”, understanding the system is a strategic advantage**

MULTI-DISCIPLINARY

FOCUSED

EXPERIENCED

TRUSTED

