

countries as a market and we know that you have trading relations that go back and forth and somehow we will try and balance overall our participation in all of these markets so that we do produce some goods in the countries rather than export goods to the countries. We will produce them in plants that are large enough to be relatively efficient and effective rather than building one small plant for each product in each country. Nestle and General Foods both considered this, Beatrix and Kraft also looked at that as an approach.

3) Offsetting Imports into Foreign Markets - A similar approach that relates only to one country, is a company going to an individual country where they have a big operation and using what they would define as a balance sheet approach. Hewlett Packard has experimented this in Australia. There has been a number of other companies and a number of other countries who have taken a similar position. Essentially, try to tell the country, we need to export some products to your country, we can't make everything in your country but we will do two things very significant to offset that aspect of foreign exchange loss in your country. First of all, we will try to export a good amount from your country, and this gets back to the whole issue of world scale plants and global sourcing of different products, but we'll try to produce a product in your country that we can export rather than just consuming it all in your local market and more importantly they say will generate jobs or value added in your country from the stand point of service or maintenance or warehousing or final assembly or a number of other things that reduce the net foreign exchange cost of products that basically are imported to the country.