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100 DAYS OF DISRUPTION

Trump’s impact on global innovation

Anthony Schiavo
Senior Director

Tiffany Hua
Analyst

Josh Haslun, Ph.D.
Senior Director

Ian Rinehart
Associate Director

Chris Robinson
Senior Director

Image source: White House

AGENDA

01 | **Introduction and key themes**

02 | Sector-specific impacts

03 | Outlook

TRUMP ACCELERATES DEGLOBALIZATION AND REGIONALIZATION

Tariffs


EU antagonism

NEAR-TERM ECONOMIC UNCERTAINTY AND VOLATILITY DAMPENS INVESTMENT

Economic policy

IRA funding

SHIFT TO CORE MARKETS AND DRIVERS AWAY FROM SUSTAINABILITY

Regulations and lawsuits

Shareholder pressure

“Tariffs are coming in the next couple months — broad based, universal tariffs,” said one person familiar with discussions…

Politico reporting, January 24

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ENERGY: NEAR-TERM OUTLOOK

Don’t overcorrect and abandon strategies, do adjust tactics

Oil and Gas

- Deploy carbon capture, using data centers as a starting point
- Procure low-carbon electricity

Utilities

- Build solutions for commercial and industrial on-site power
- Deploy solutions to enhance grid flexibility

ENERGY: LONG-TERM OUTLOOK

Demand for electrons will continue to grow, so position around that

Oil and Gas

- Build expertise in electrochemistry and consider investing in next-gen hydrogen startups

Utilities

- Congestion issues will likely persist; consider piloting high temperature superconductors or solid-state transformers

INDUSTRIALS: NEAR-TERM OUTLOOK

Few bright spots in supply chain shifts

- Assess supply risk and criticality with Lux's Raw Materials Criticality Framework
- Waste valorization and circularity are near-term bets for critical minerals
- Leverage generative AI for both automation and upskilling in new facilities

INDUSTRIALS: LONG-TERM OUTLOOK

New production platforms will be necessary.

- Advance long-term decarbonization projects while markets are turbulent
- Design new factories to be modular, flexible, even uproot-able to hedge location risk

CHEMICALS: NEAR-TERM OUTLOOK

Reroute downstream operations and R&D now

- Core chemicals/polymers exempt from tariffs — reroute downstream, prioritize regional diversity
- Focus on lean, regionally diverse R&D as U.S. innovation gap expected due to federal cuts
- Emphasize biotech-friendly APAC markets but watch for shifts in the U.S. as there are still mixed signals regarding biomanufacturing

CHEMICALS: LONG-TERM OUTLOOK

Align long-term innovation with and without Trump

- Expect regulatory rebound post-Trump as global phase out of materials of concern (e.g., PFAS) persist
- Prepare for CCU in the long term as Trump endorses carbon capture and sequestration
- Jump on future opportunities for AI-supported materials discovery with potential incentives

CPG: NEAR-TERM OUTLOOK

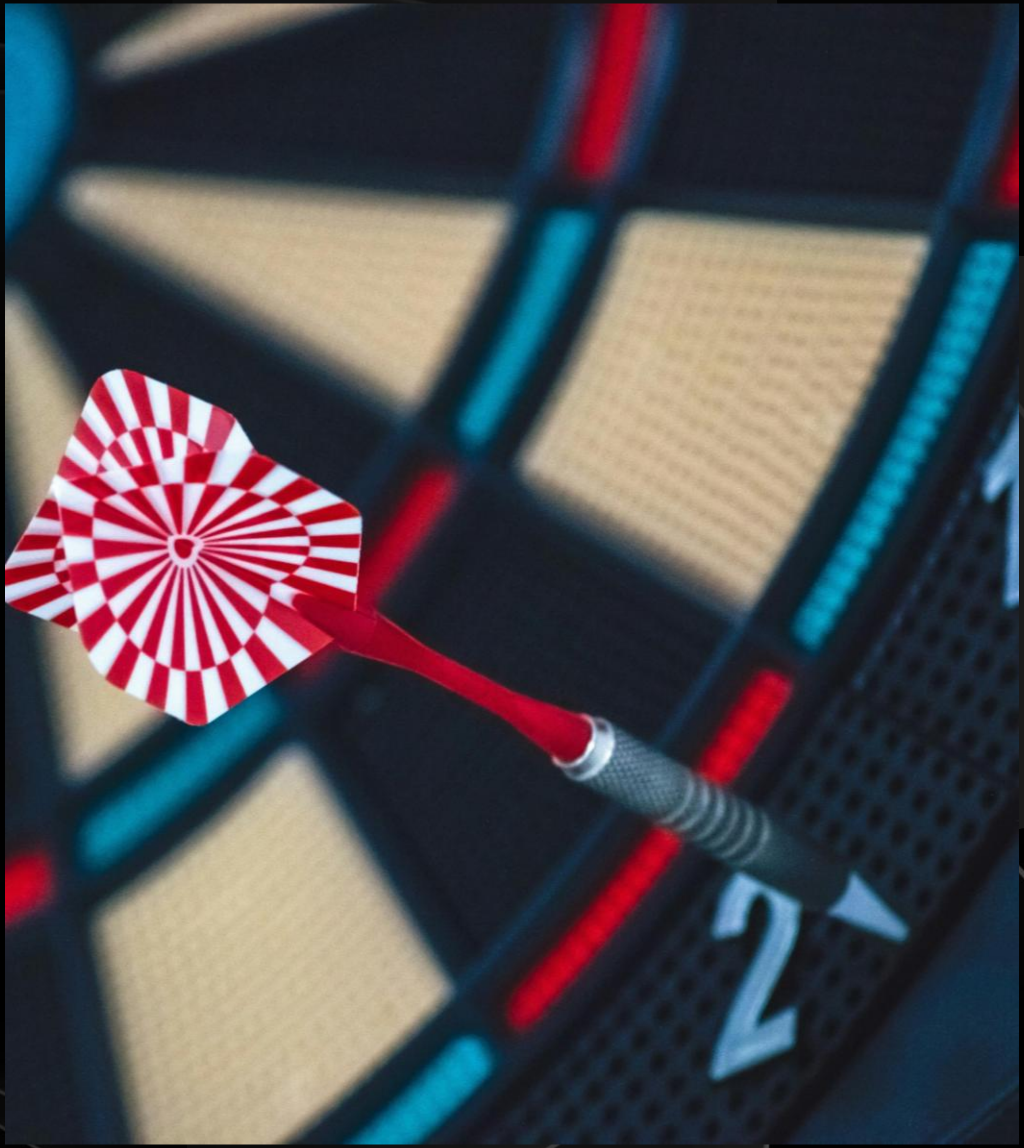
U.S. narrows its scope

Agriculture

- USDA reduces innovation and conservation projects
- Immigrant workforce's future is at war with trust

Health

- HHS-targeted agenda jeopardizes supply chains
- Identify talent from RIF plans



CPG: LONG-TERM OUTLOOK

U.S. exits offer opportunities, but do not limit risk

Agriculture

- Subsidies prioritized over resilience

Health

- Beware of proposed chronic health impact timelines
- Health restructuring attracts industry investment

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INNOVATION TEAMS NEED TO PREPARE FOR REGIONALIZATION

Bring long-term innovation to regional offices, not just customer-facing innovation.

Develop alternative technology platforms for different regional needs.

DEVELOP STRATEGIES TO INNOVATE IN A RECESSION

Build relationships and networks to make up for the loss of government funding, including incubators and consortia.

Identify and execute on strategies to innovate cheaper and more quickly — from working with founders to improving innovation value capture.

KEY TAKEAWAYS

1

Adjust tactics, not strategy.

The longest-term strategic drivers — electrification and decarbonization — remain in place. Innovators calibrate for near-term impacts instead of taking high-risk, high-reward bets.

2

Capital-light innovation will be key.

Now is a bad time to make big capex bets. Pursue projects with low upfront costs and/or that can be unwound easily.

3

Position innovation teams as a response to uncertainty.

Leaders need to demonstrate that innovation teams are critical in responding to disruptions, shortages, and changes in priorities.

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EMAIL
questions@luxresearchinc.com

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questions@luxresearchinc.com