

GERMAN AMERICAN TRADE

JULY/AUG 2014

ALTANA CEO

Dr. Matthias L. Wolfgruber:

**"The U.S. is our single
biggest market and
we need to be where
the customers are."**

"The ROI of Learning German"
Interview with
MIT Economist Saiz

MERLIN Awards Gala 2014

July/Aug 2014 • Vol. 25 • No. 4 • \$5.00



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Applauding and Supporting Vocational Training Efforts

In May, several commencement ceremonies were held at German companies throughout the South. Beaming graduates picked up their certificates in Industrial Mechatronics at MBUSI in Vance, AL, and Logistics at BLG Logistics. More trainees will graduate in August at MTU America Inc. in Aiken, SC, and Volkswagen Operations of America in Chattanooga, TN. They will receive a fully recognized certificate by the DIHK/AHK valid in Germany.

Dual programs modeled after the German system range from one to three years and are recognized as such in various categories by the German American Chambers of Commerce (GACCs). We know that both the education and technical knowledge that these young students received provide them with the necessary assets and skills to succeed. In addition, the national push towards vocational training will help companies to fill the critical "skills gap" here in the U.S.

Surely, German companies have made a strong impact in the U.S. Medium-sized and large businesses that train in a variety of industries, from automotive to energy, serve as an integral component of a thriving economy and encourage investments in Germany and the U.S.

Together with German companies throughout the nation, the GACCs are making impressive progress on many fronts. The dialogue on how to train a modern, advanced and skilled workforce is ongoing in all parts of the U.S.

In addition to several vocational trainee programs in the Southern U.S.,



*Martina Stellmaszek
President & CEO, GACC South*

the MAT² – the Michigan Advanced Technician Training Program – in the Midwest is an innovative, industry-driven approach to education and industrial training supported by the GACC Midwest. The program won the 2014 MERLIN Award for Excellence in Vocational Training and is set to expand dramatically this year. The GACC New York has partnered with the technical program Force21 in the Northeast. This initiative is modeled to combine companies and educational institutions and spans four years of training.

The more we collaborate, the more we can achieve. I look forward to continuing this exciting road with our members and partners and seeing even more trainees graduate in the years to come.

Sincerely,

Martina Stellmaszek

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Cover page: ALTANA CEO, Dr. Matthias L. Wolfgruber

MERGERS & ACQUISITIONS**Westlake Chemical to Buy German Rival for about \$667 Million**

Petrochemicals company Westlake Chemical Corp said it would buy Germany polyvinyl chloride (PVC) maker Vinnolit Holdings GmbH and its subsidiary companies for 490 million euros (\$667 million) from private-equity firm Advent International.

>> www.reuters.com

Sprint Merger with T-Mobile Inches Closer in the USA

A merger between the US-based mobile networks, Sprint and T-Mobile USA has reportedly moved much closer following a deal between the two companies' major

shareholders. Germany's Deutsche Telekom is reported to have agreed to sell its 67% stake in T-Mobile USA to Softbank, which owns a majority stake in Sprint.

>> www.cellular-news.com

uTest Acquires German Company Testhub GmbH in Multi-million-Dollar Deal

Technology company uTest Inc. said today it has a new investor and has acquired a German business. Also known as Applause, uTest reported it has acquired Testhub GmbH for an unspecified amount of cash and equity. The company described the deal as a multimillion-dollar agreement. Testhub is based in Berlin and will become the European headquarters for Applause.

>> www.telegram.com

Omnicom Group's TBWA Acquires German Agency Heimat

TBWA Worldwide, an Omnicom Group (NYSE: OMC) advertising network, today announced its acquisition of Germany's Agency of the Year and leading independent advertising agency Heimat. TBWA will take a majority share in Heimat, headed by founding partners Matthias von Bechtolsheim, Guido Heffels and Andreas Mengele. Heimat CEO and co-founder Matthias von Bechtolsheim will act as Chairman of the newly formed TBWA Operating Group Germany, which combines the leaders of TBWA's German specialist agencies.

>> www.wsj.com



Exclusive cartoon for German American Trade by Heiko Sakurai www.sakurai-cartoons.de

Bayer to Buy Merck Consumer-Health Unit for \$14.2 Billion

Bayer AG agreed to buy Merck & Co.'s consumer unit for \$14.2 billion, solidifying its position near the top of the market for over-the-counter health products. Merck and Bayer also will collaborate to develop and market a class of drugs that includes Bayer's Adempas, which is approved to treat a deadly lung disease, they said in a statement today. Merck will pay Bayer \$1 billion for the collaboration, with additional payments possible if sales goals are met.

>> www.bloomberg.com

SAP Acquires SeeWhy, Eyes Targeted Marketing

SAP bulked up its marketing cloud Tuesday with the announcement that

the German enterprise software giant plans to acquire Boston-based behavioral marketing provider SeeWhy. Using data based on individual customer behaviors, SeeWhy's marketing platform triggers personalized campaigns using email, desktop advertising, and mobile and social channels.

>> www.zdnet.com

MARKET ENTRIES & RELOCATIONS

German Company ISA TanTec Will Open its First American Tannery in Mississippi's Warren County

German tannery company ISA TanTec will open its first American tannery in Mississippi. The company, which currently has tanneries in Vietnam and China, is investing \$10.1 million

and plans to hire 366 people over five years. The company will locate in the former CalsonicKansei factory in the Ceres Research & Industrial Interplex in eastern Warren County.

>> www.greenfieldreporter.com

German Flooring Company Begins Construction in Dover

State and local officials were on hand Tuesday morning to hail construction of a new flooring manufacturing company that could bring jobs – and badly needed tax revenue – to Dover. The 10.5-acre Uzin Utz Manufacturing North America plant site is in the Garrison Oak Technical Park. The \$9.5 million plant will manufacture floor compounds that previously had been imported from Germany.

>> www.doverpost.com

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Netflix Enters Germany, France in Biggest Move Since 2011

Netflix Inc. will introduce its online video service this year in Germany, France and four other European countries, the company's biggest expansion in almost three years. The world's largest Internet subscription service, which produces the Emmy-winning political drama "House of Cards," plans to enter Austria, Belgium, Luxembourg and Switzerland as part of the move, according to a statement today. The exact timing and price in each country will come at a later date.

>> www.bloomberg.com

Rolf Benz Brings German Style to New York City

A new flagship store opening during ICFF will give New Yorkers the chance to get hands-on with upholstered furniture from German luxury brand Rolf Benz. When German furniture brand Rolf Benz was looking for a venue to act as a portal for its American audience, New York City quickly emerged as the obvious choice. Home to ICFF, the continent's most important annual furniture fair, the city's reputation as a cosmopolitan metropolis matches the firm's values of individuality and flexible living.

>> www.press.rolf-benz.com

Evonik Chooses Birmingham for First U.S. Innovation Center

A chemicals company announced an expansion in Birmingham Friday. Evonik Corporation will open a global innovation center for research and development of medical devices and technology. This is the German-based company's first center in the U.S. devoted to such an initiative and will expand its health care capabilities.

>> www.myfoxa.com

German Wind Company Windtest Puts North America Headquarters in Estherville

A German wind energy company has chosen Estherville as the location for its North American headquarters, a local economic development group said today. The firm, windtest, will open the location this summer, the Iowa Lakes Corridor Development Corp. said in a statement.

>> www.desmoinesregister.com

Anschütz Expands, Opens North American Branch

The German rifle maker Anschütz announced plans to expand operations in the United States by opening its own facility, Anschütz North America, and has essentially removed Steyr Arms from the driver's seat. "We feel that the best way to support this new growth is to take the distribution and sales service into our own hands," said Jochen Anschütz, president of J.G. Anschütz GmbH & Company.

>> www.guns.com

INVESTMENTS & EXPANSIONS

VW Vows to Boost Growth in North America Backed by SUV

Volkswagen AG plans to redouble efforts to boost flagging sales in the U.S. as well as grow in Brazil as Europe's largest automaker chases Toyota Motor Corp.'s global lead. VW laid the foundation for growth in North and South America with the decision to make a mid-size sport-utility vehicle for the U.S. market, build a new Audi factory in Mexico and revamp its model lineup in Brazil, the Wolfsburg, Germany-based manufacturer said in a statement in advance of the annual shareholders meeting.

>> www.bloomberg.com

More Money, More Worries – How the Wealthy Preserve their Fortunes

Apparently, wealth has a tendency to be fleeting. The fortunes of the moneyed have on average lasted three generations: The first generation makes it, the second lives on it and the third one loses it. In order to ensure wealth preservation, affluent families increasingly turn to professionally managed family offices. What counts as wealthy these days? Someone with upwards of \$30 million in liquid net worth is considered an ultra-high net worth individual. Remarkably, in the U.S., 5,000 households have at least \$100 million in investible assets and 442 people are billionaires. Often times such fortunes result from the building and, sometimes selling, of companies. In the course of the financial crisis, many families have become disenchanted with banks and, therefore, have moved their assets to family offices.

Single-family offices manage the assets of one family, whereas multi-family offices manage the assets of several families. The concept has evolved over a long time. Business tycoon John D. Rockefeller, for instance, set up his family office in the 19th century. Today, people like Bill Gates, Michael Bloomberg and Oprah

Winfrey all have family offices. Hedge fund billionaires George Soros, Stanley Druckenmiller and Steve Cohen recently converted their funds into family offices to escape increasingly strict financial regulation. Since the costs of running even a relatively small family office can easily exceed \$1 million per year, as a rule of thumb it is estimated that operating one's own single family office is only worth the expenditure if liquid assets exceed \$500 million. Multi-family offices are sometimes started by a family which later invites other families to join. Today, many commercial financial firms offer multi-family office services. Advantages of family offices include control, trust, privacy and cost efficiencies. In addition to money management, they typically offer accounting, tax, governance and estate planning services.

Banks, which have traditionally tended to the needs of the prosperous, and family offices now essentially compete for the same clients. As wealth at the top end continues to grow globally, they court new millionaires in emerging markets, in the tech sector and those stemming from IPOs and M&A transactions. In



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BeyondGlobal

recent years, there has been a strong trend of single-family offices teaming up to co-invest directly into deals, primarily in the venture capital and private equity space. That enables them to share expertise and circumvent the fees that financial firms charge. If the families are as successful in the management of their money as they have been in running their businesses, they have nothing much to worry about. ■

BASF Boosts Research Spending in 2014 Adding Labs in U.S., Asia

BASF SE, the world's biggest chemical maker, plans to increase spending on research and development this year and is adding six laboratories in Asia and the U.S. Half of the research activities at Ludwigshafen, Germany-based BASF will take place outside Europe by 2020, up from 28 percent now, board member Andreas Krei-

meyer said at a press conference at the company's headquarters. It spent 1.8 billion euros (\$2.5 billion) on research last year, he said.

>> www.bloomberg.com

German-owned Mankiewicz Coatings Expanding Charleston Operations

A German maker of specialty paints and other high-end industrial coatings is expanding, four years after

setting up a small operation in Charleston. The \$15 million investment by Mankiewicz Coatings LLC is expected to be completed in the first quarter of 2015, said Peter Dietz, managing director.

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Driving Global Innovation through U.S. Expansion

Headquartered in Wesel, Germany, the ALTANA Group is a true specialty chemicals company inspiring growth around the globe. The entire ALTANA team boasts a strong understanding of the specialty chemicals business and what it takes to be successful on a global scale. There are four major divisions of ALTANA, each contributing to the company's overall growth across the globe.

BYK is its additives and instruments section; ECKART produces effect pigments; ELANTAS develops electrical insulation and ACTEGA makes coatings and sealants. For all four business segments, the overarching company objective is value creation – in terms of financial strength and providing value for customers. It is ALTANA's belief

that value is created through its innovation culture. Innovation is achieved through an above-average R&D ratio, improving efficiency and consequence of specialization and differentiation.

Many of ALTANA's successes are directly attributable to the leadership of Dr. Matthias L. Wolfgruber, the company's CEO. Dr. Wolfgruber is German-born, but U.S.-educated, with a doctorate in chemistry from the Technical University of Munich and a research fellowship from U.C. Berkeley. He understands the value that growth in the United States will bring to any successful company.

ALTANA's innovation culture keeps it at the forefront of specialty chemical makers. Since ALTANA AG was founded in 1977, the company has

expanded sales in innovative specialty chemicals by a factor of more than 70 from the starting level of 24 million euros, and increased the workforce from 259 to 5,700. These developments have been supported by a number of acquisitions, including 30 in just the last 10 years.

Many of those acquisitions are in the United States – they are corporate acquisitions that accelerate ALTANA's growth and are an integral part of the corporate strategy.

Growth in the United States

The United States is a hugely important market for ALTANA and will become even more so. In 2013, business in North and South America grew by six percent and eight percent in the U.S. alone. The long-term future prospects of the United States are also strong. According to a VCI study, an average chemical industry growth rate of 3.3 percent can be anticipated through 2030. This puts the U.S. right at the forefront. Dr. Wolfgruber has said that the United States "is experiencing a revival in ALTANA's target electrical, coatings, inks, and plastics markets." Additionally, he noted that the "U.S. is an innovation driver. We need to be there."

Currently, ALTANA operates eight subsidiaries, 18 production facilities and 19 laboratories in the United States. With more than 1,000 employees here, the company generated sales of around 290



ALTANA develops and produces high-quality, innovative products in the specialty chemicals business.

"[The United States] is experiencing a revival in ALTANA's target electrical, coatings, inks, and plastics markets. The U.S. is an innovation driver. We need to be there."

Dr. Matthias L. Wolfgruber, CEO of ALTANA

million, or 16 percent of its entire global business in 2013.

Though ALTANA is headquartered in Germany, its corporate culture embodies many qualities typically associated with American ingenuity. Traits like entrepreneurship and risk-taking are the kinds of values that have helped to build the company into the global power it is today: driven by innovation, decentralized, flexible and geared to service.

As a guiding principal for success, ALTANA believes one of the key aspects for organic growth is market penetration and regional expansion. ALTANA has spent the last few years identifying the most valuable markets and business segments and focused on becoming the best in those geographies.

In December 2012, ALTANA purchased the Chemical Corporation of America, a U.S. manufacturer of specialty wax additives. Dr. Christoph Schlünken, President Division BYK Additives & Instruments, said at the time: "The product portfolio of ChemCor does not just open up the American market in the area of wax additives alone; for BYK, new market segments, such as wax additives for industrial applications, also become accessible. What's more important, the ChemCor site in Chester can also continue to grow through our know-how and our customer base locally."



Dr. Matthias L. Wolfgruber, CEO ALTANA

Continuing this expansion in the United States, ALTANA bought Rockwood Holdings' rheology modifier business in October 2013. This business is one of the world's leading manufacturers of clay-based additives, which makes it an ideal fit for the BYK portfolio. Of the Rockwood acquisition, Dr. Wolfgruber said, "The acquisition of Rockwood's rheology business is fully in line with our focus on true specialty chemicals and opens up new growth opportunities." Rheology additives are amongst others used in coatings, construction materials and personal care products. They can, for example, ensure that coatings have the right viscosity and that they can be applied without forming droplets or bubbles.

ALTANA also purchased Henkel's specialty coatings business in August

2013. The products are sold under the brand names MiraFoil and Miracure and are mainly supplied to the packaging industry in North America. In 2012, these products generated revenues of around \$15 million. ACTEGA integrated this business in the subsidiaries ACTEGA Kelstar in the United States and ACTEGA Terra in Germany.

ALTANA's Investment in BYK USA

Most recently, ALTANA injected the BYK USA business with a \$50 million investment to expand its facility in Wallingford, Connecticut. It was the single largest investment that ALTANA has made outside of Germany in its history. With this commitment, ALTANA and BYK have developed a state-of-the-art facility that is now home to high-tech

production and expanded R&D capabilities, bolstering the company's presence in North America.

The expansion is an investment in all BYK customers as it ensures a global supply, provides them with a wider range of locally produced products, reduced lead times and optimized overall delivery performance.

BYK offers more than 560 products in its full portfolio, and before this investment BYK USA was able to produce about 50 percent, or 280, of those products. Now, with more than double the production capacity, BYK USA is producing about 90 percent of the full product line here in the U.S.

In addition to enhancing their customer experience, ALTANA and

BYK are very focused on being a good corporate citizen. Expanding the facility and production capabilities in the BYK USA headquarters in Wallingford, Connecticut, brings dozens of jobs to the community and helps build the local economy.

Dirk Plas, President of BYK USA, attributes the success and growth of the Wallingford facility to the culture of BYK's parent company, ALTANA: "Knowing and living our corporate values enables us to move cohesively toward our goals. These values—Trust, Openness, Appreciation and Empowerment—help provide direction, clarify expectations and build the framework for employees to effectively perform and succeed."

Innovating for the Future

Dr. Wolfgruber believes that "R&D is the lifeblood of our business. If you want a differentiated position, you need to constantly invent better-performing and differentiated solutions." This is the reason why more than 900 of their employees, 15 percent of the total global staff population, work exclusively in R&D. ALTANA works to encourage its researchers to anticipate customer needs and to work just like entrepreneurs, as they believe they will remain successful if they stay close to their customers.

With this emphasis on innovation, ALTANA aims to more than double worldwide sales to \$4.5 billion by 2020 with returns on sales continuing to stay above 18 percent.

To ensure that ALTANA is at the forefront of innovation, they have a clear value-added specialty strategy. This strategy is clearly working for them. ■



Expansion of the BYK Facility in Wallingford, Connecticut





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Teledyne Brown Engineering and the German Aerospace Center (DLR) Formalize Commercial Space Imaging Partnership



An American aerospace company has teamed with DLR to use the International Space Station (ISS) for commercial Earth imaging. This agreement will deliver Earth images from space, providing a whole new view of our world.

In May of 2014, leaders from the German Aerospace Center (DLR) and Teledyne Brown Engineering (TBE) joined together at the ILA Berlin Air Show to formalize their agreement to expand and enhance the commercial use of the ISS.

Under the agreement DLR will build the DLR Earth Sensing Imaging Spectrometer (DEGIS), a hyperspectral instrument that will be integrated onto Teledyne's ISS-based imaging platform, the Multi-User System for Earth Sensing (MUSES). MUSES will be externally attached to the ISS in late 2015 and will have the capability of hosting DEGIS, along with up to three other Earth-observing instruments.

"MUSES is a further step toward using the ISS for Earth observation. At the same time, it is a milestone in the international cooperation between DLR and an American industrial partner, Teledyne Brown," said Professor Dr. Johann-Dietrich Wörner, CEO and President of the DLR German Aerospace Center and Chairman of the Executive Board.

"The signing of this agreement places Teledyne, TBE, and DLR at the forefront of the commercial use of the International Space Station," said Robert Mehrabian, Chairman, President and Chief Executive Officer of Teledyne. "We look forward to collaborating with DLR and applying our combined expertise to maximize the uniqueness of the MUSES platform and the DEGIS instrument."

The DEGIS instrument will be capable of imaging the Earth in the wavelength range from the visible through the near infrared – a part of the electromagnetic spectrum that can't be seen by the naked eye. DLR will use the precise spectral data for scientific research in atmospheric physics and Earth sciences.

Teledyne, on the other hand, will use the data from instruments integrated onto MUSES for commercial and humanitarian purposes and is in discussions with companies interested in hosting an instrument on MUSES and others who have applications for the data.

"The signing of this agreement places Teledyne, TBE, and DLR at the forefront of the commercial use of the International Space Station," **Robert Mehrabian**, Chairman, President and CEO of Teledyne

For example, in agriculture, spectral data can identify important details within the crops, including things like relative water content, nitrogen levels, and the amount of chlorophyll.

"The improved spectral resolution compared to what is currently available, combined with the unique platform and orbit of the ISS, gives MUSES the potential to transform the analysis and availability of imagery for industries like maritime environmental awareness, oil and gas exploration and forestry," said John Horack, TBE Vice President, Space Systems.

Teledyne and DLR expect DESIS to be operational on MUSES in early 2016. MUSES is currently being developed by Teledyne under a cooperative agreement with NASA.

Teledyne Brown Engineering, Inc., a subsidiary of Teledyne Technologies Incorporated, is a full-spectrum engineering and advanced manufacturing company providing full lifecycle development from concept definition to production with locations in the United States and the United Kingdom. The company has a rich heritage in developing complex systems for space, missile defense, energy and other challenging markets. ■

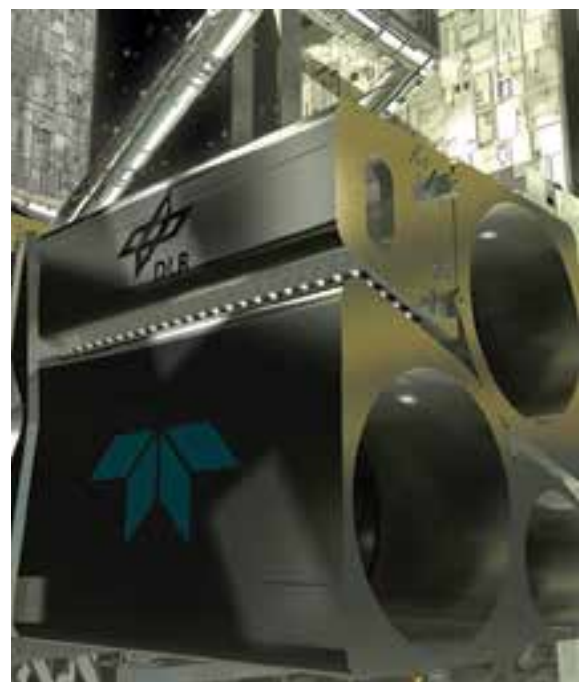


Official signing of the TBE - DLR Implementation Agreement to formalize their commercial space imaging partnership. From L to R: Prof. Dr. Johann-Dietrich Worner, CEO & President DLR German Aerospace Center and Chairman of the Executive Board, Dr. John Horack, Vice President for Space Systems Teledyne Brown Engineering, and Prof. Hansjörg Dittus, DLR Executive Board Member for Space Research and Technology.

For more information:

Contact Laurie Provin,
TBE Manager of Commercial
Partnerships at 256.726.1024

*Artistic Rendering of Teledyne Brown's
Multi User System for Earth Sensing
(MUSES) platform and hosted
instruments externally mounted on the
International Space Station*



Why Germany Dominates the U.S. in Innovation

By Dan Breznitz, University of Toronto

Reading the headlines, you might think that the most urgent question about national success in innovation and growth is whether the U.S. or China should get the gold medal. The truth is: Germany wins hands down.

cated system of financing radical ideas, and the results have been impressive, from Google to Facebook to Twitter. But the fairy tale that the U.S. is better at radical innovation than other countries has been shown in repeated studies to be untrue.

the Chinese products we buy every day are produced by German-made machinery, and the companies that make them are thriving.

It also explains why Germany's industrial base hasn't been decimated, as America's has. Germany is better at sustaining employment growth and productivity, while expanding citizens' real incomes. Even with wages and benefits that are higher than those in the U.S. by 66%, manufacturing in Germany employed 22% of the workforce and contributed 21% of GDP in 2010. The bottom line: German manufacturers are contributing significantly to employment growth and real income expansion.

In the U.S., by contrast, fewer and fewer people are employed in middle-class manufacturing jobs. In 2010, just under 11% of the workforce was employed in manufacturing, and manufacturing contributed 13% of GDP. Inequality is on the rise, and the country's balance of payments is getting worse.

Three factors are at work here:

Germany understands that innovation must result in productivity gains that are widespread, rather than concentrated in the high-tech sector of the moment. As a consequence, Germany doesn't only seek to form new industries, it also infuses its



Germany does a better job on innovation in areas as diverse as sustainable energy systems, molecular biotech, lasers, and experimental software engineering. Indeed, as part of an effort to learn from Germany about effective innovation, U.S. states have encouraged the Fraunhofer Society, a German applied-science think tank, to set up no fewer than seven institutes in America.

True, Americans do well at inventing. The U.S. has the world's most sophisti-

Germany is just as good as the U.S. in the most radical technologies. What's more important, Germany is better at adapting inventions to industry and spreading them throughout the business sector. Much German innovation involves infusing old products and processes with new ideas and capabilities or recombining elements of old, stagnant sectors into new, vibrant ones.

Germany's style of innovation explains its manufacturing prowess. For example, many, if not most, of

Much German innovation involves infusing old products and processes with new ideas and capabilities or recombining elements of old, stagnant sectors into new, vibrant ones.

existing industries with new ideas and technologies. For example, look at how much of a new BMW is based on innovation in information and communication technologies, and how many of the best German software programmers go to work for Mercedes-Benz. The U.S., by contrast, lets old industries die instead of renewing them with new technologies and innovation. As a result, we don't have healthy cohesive industries; we have isolated silos. An American PhD student in computer science never even thinks about a career in the automobile industry – or, for that matter, other manufacturing-related fields.

Germany has a network of public institutions that help companies recombine and improve ideas. In other words, innovation doesn't end with invention. The Fraunhofer Institutes, partially supported by the government, move radical ideas into the marketplace in novel ways. They close the gap between research and the daily grind of small and medium-size enterprises. Bell Labs used to do this in the United States for telecommunications, but Fraunhofer now does this on a much larger scale across Germany's entire industrial sector.

Germany's workforce is constantly trained, enabling it to use the most radical innovations in the most diverse and creative ways to produce

and improve products and services that customers want to buy for higher prices. If you were to fill your kitchen and garage with the best products that your budget could afford, how much of this space would be filled with German products such as Miele, Bosch, BMW, and Audi?

Germany actively coordinates these factors, creating a virtuous cycle among them. Germany innovates in order to empower workers and improve their productivity; the U.S. focuses on technologies that reduce or eliminate the need to hire those pesky wage-seeking human beings. Germany's innovations create and sustain good jobs across the spectrum of workers' educational attainment; American innovation, at best, creates jobs at Amazon's fulfillment centers and in Apple stores.

It's high time for the U.S. to revamp its innovation system. Americans need to recognize that the purpose of innovation isn't to produce wildly popular internet services. It's to sustain productivity and employment growth in order to ensure real income expansion. We need new policies that allow American innovation to be scaled up and produced on American soil, by American workers. Changes need to happen in how we transfer radical inventions from the lab to the marketplace, via a set of public-

About the Author



Dan Breznitz holds the Munk Chair of Innovation Studies and is a codirector of the Innovation Policy Lab at the Munk School of Global Affairs at the University of Toronto. His latest book is *The Third Globalization: Can Wealthy Nations Stay Rich in the Twenty-First Century?*

private institutions that do for America what the Fraunhofer centers do for Germany. We need to think about skills training as a lifelong endeavor, with workers across the spectrum of education being taught how to use new technologies to increase productivity.

Economic growth doesn't happen at the moment of invention. Only innovation policies that target the complete innovation cycle will succeed in creating economic growth that enhances the welfare of all citizens. There is nothing a German can do that a properly trained and incentivized American cannot. ■

*First published by Harvard Business Review May, 27, 2014
blogs.hbr.org/2014/05/why-germany-
dominates-the-u-s-in-innovation/*

Learning German Brings Most ROI

Interview with Albert Saiz, MIT Economist

By Jan Vater, GACC

What is learning a foreign language really worth? In order to find an answer to this question MIT economist Albert Saiz conducted a study to identify the return on investment (ROI) of learning a foreign language. The Barcelona-born economist found out that the earnings bonus for an American who learns a foreign language is about 2%. In other words, if you speak a second language, you will receive on average a 2% higher pay check. However, Saiz found quite different premiums for different languages. Whereas Spanish ranks relatively low at 1.5%, the German language appears to be more lucrative at a higher rate of 3.8%.

Assuming just a 1% real salary increase per year and a 2% average real return over 40 years, a 2% language bonus, as suggested by Saiz, turns into an extra \$67,000 during a life's worth of work. This already looks like a substantial sum. In the case of German, however, the premium rate is a solid 3.8%, which translates into a whopping \$128,000.

GAT: Mr. Saiz, what was your personal interest in investigating the ROI of a foreign language and how did you conduct that study?

Albert Saiz (AS): As a European from Barcelona, speaking three languages, it was a personal interest for me to begin with. I found out that there is a lot of literature about foreigners learning English, but there was no research on the effects of learning a second language as a native English speaker in the U.S. Learning a foreign language is time and resource consuming. As an economist I was interested in the economic impact of learning a language. I basically linked my personal and my professional interest in this matter.

We based our research on a comprehensive study called "The Baccalaureate and Beyond Longitudinal Study" (B&B) of the National Center of Education Statistics, which examines students' education and work experiences after they complete a bachelor's degree, with a special emphasis on the experiences



Albert Saiz, MIT Economist

of new elementary and secondary teachers. Four years after they graduated, about 10,000 former students were asked to fill out a complex questionnaire consisting of over 400 questions. We compared students with conversational knowledge of a second language with monolingual students.

GAT: In your study you found quite different premiums for different languages: 2.3% for French and 3.8% for German. However, in 2011, according to the U.S. Census Bureau, 1.1 million homes in the U.S. spoke German as a second language. French had only marginally more speakers (1.3 million). Why is learning German more lucrative than learning French?

AS: You have to look at how easy it is to find that skill in the context of English-speaking countries. It is simply supply and demand. In the U.S. we have Quebec right next door which provides a large pool of bilingual French and English speakers. In our study, we found that 23% of the people learned

French as a second language and only 11% reported that they are able to speak German on a conversational level. In addition, we were looking primarily at households where the native language was English as a single language.

GAT: Overall, a 2% ROI on learning a foreign language other than English, as shown in your research, seems rather sobering. What is your stand on teaching foreign languages in the U.S.?

AS: As a pure financial investment it is really not worth it. We studied

other returns of education as well and found out that in general every extra year of education is associated with anywhere from 7% to 12% return of investment. A 2% ROI for studying a foreign language is relatively low. Now that being said, learning a foreign language is not only a purely financial decision.

There are other elements that matter in learning a foreign language. On a more psychological or cognitive level, the impact of learning a foreign language has several benefits that cannot be valued monetarily: The personal

enjoyment of being able to read literature in its original language, for example.

GAT: Bryan Caplan, Professor of Economics at George Mason University, took the position of a language sceptic, when he commented on an interview you gave to Stephen Dubner of NPR Freakonomics Radio. He does not see the point in learning a foreign language, if it is not absolutely necessary for a career. What is your response?

AS: Again, I do not think that you



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should only take the financial aspects into consideration. Education is more like a package that consist of more than just focus on future wages. A global understanding, better civic participation, better contextualization, and a broader point of view are some of these benefits.

The return of investment of a foreign language also depends on your personal situation. Let's say you are in your forties and you do not have a clear perspective on whether to work for a foreign firm or in an international environment,

but you would like to expand your education, you might be better off taking accounting.

At a younger age, at four, five or ten, you are expanding your brain and you are forming yourself as a person. Personal development at that stage and a future cognitive advantage is more important than pure financial benefits.

GAT: Robert Lane Greene, a journalist who writes for *The Economist*, came up with the following hypothesis: If Mr. Saiz had run his language-premium study against a parallel-universe

America, in which the last half-century had been a golden age of language-learning, he might have found a bigger foreign-language bonus (and a bigger GBD pie to divide) in that more open and export-oriented fantasy America. What is your take on that?

AS: It depends on how you look at it. There is always the view of an individual argument that if there are barriers in society and you are able to breach those barriers, it means a big advantage to you. If there is no lingua franca, no common language, and if I am able



Daniel A. Peterson, Ph.D.,
Professor at Department of Neuroscience, Chicago Medical School

"As a Fulbright Scholar, you are expected to serve as a cultural ambassador for your country and to extend your interaction with the host country into the community. The ability to speak in German with a broad cross-section of German society opens avenues for public lectures and dialog that would not be possible if only English was used. Although English is the language of scientific research, speaking German with the staff and German-speaking colleagues results in enthusiastic cooperation and more extensive collaboration."



Anita Fjeldstad,
former student of the German Language School Cleveland

"I translated many different topics and also had the opportunity to act as interpreter for visiting German officials. My knowledge of German led me to a career which has lasted for 27 years, and it's not over yet. Although I currently hold a different position, I am still occasionally asked to translate documents, only because relatively few people speak or understand German."



Blake Peters,
Head of German American School of Portland

"Whenever I was interacting with a German on a professional level, my ability to speak German gave me an advantage. I recently met the German government's transatlantic coordinator Jürgen Hardt in Berlin and he did not know I was a German speaker. Even though his English was excellent, when I started replying in German, his whole demeanor seemed to be more relaxed and he took more time with me. This is an example for a replicable experience for me."

to communicate in several languages, I do have a personal advantage. I think that if there is a common language, like Latin, German or French used to be, it always facilitates transactions between us. As Bastiat pointed out in his famous petition: "If we block the fan, it would be good for the candle makers," but I do believe that our globalized world and economy require a globalized language.

GAT: It seems that most people who took the effort to learn a second language find it easier to learn additional languages, especially when they are younger.

AS: Absolutely right, economists would regard this as marginal or extra costs. It is an investment to learn a foreign language. It is time-consuming to understand the principles of grammar and conjugation. However, once you have acquired these skills, you can use them to learn additional languages. Since you do not have to relearn the basic principles, learning a second foreign language requires less effort than learning a first one and is therefore more economic. Languages for multilingual children are like a tool, whereas monolingual children think of languages as something that is

ingrained, they are not able to tell that it is actually a tool.

These costs of learning a foreign language demonstrate how important it is to do this early. For somebody in their 30s or 40s it is more useful to study accounting than a foreign language. However, if children in the U.S. started learning foreign languages at 4 or 5, we would regard the costs of this investment as non-consequential, which also positively influences the ROI.

GAT: Mr. Saiz we appreciate your time and thank you for this interview. ■

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MERLIN Awards Gala 2014

Celebrating Transatlantic Excellence in Innovation, Service, and Education

German-American business relations have been growing dynamically over the last years, and both trade and investment are on the rise. German companies in the U.S. are profiting from a favorable investment climate and continue to excel due to their innovative expertise, their unique services, and their role model status with respect to skilled workforce development. On May 2, GACC Midwest presented the prestigious MERLIN Award to three winners for their outstanding contribution to German-American business in these core categories.

Outstanding Innovation – Sustainable Sediment Management

Just as GACC Midwest is always working to foster innovation, so is DB Sediments GmbH, winner of the 2014 MERLIN Award for Outstanding Innovator. DB Sediments is an environmental technology firm focused on water and innovation, especially with regard to the crucial role of water in the Water-Energy-Food Nexus and the storage of water. With their vision for sustainability, DB Sediments developed the innovative ConSed Trans-Method enabling

a sustainable use of water as drinking water, irrigation water, and for hydropower generation, which keeps the eco-system in balance at the same time. Given its potential for global development in the critically important water sector, this innovative approach has already attracted global attention, e.g. from the World Bank.

Outstanding Service – Consulting for Sustainable Building Solutions

The German-American business community could not work as



smoothly and efficiently without the support of all our service providers. With their uniquely transatlantic service concept, Baumann Consulting was honored with the 2014 MERLIN Award for Outstanding Service Provider. Baumann Consulting specializes in sustainability and engineering consulting services for the entire life cycle of buildings, starting with energy audits and feasibility studies, the development and evaluation of design concepts, through commissioning, M&V and monitoring of the performance of buildings and systems. In their approach, Baumann combines German quality with American innovation to advance the building industry on both sides of the Atlantic, with the goal of becoming a nationally-recognized brand for energy efficiency and sustainability. Baumann actively engages in this transatlantic knowledge exchange to advance the high-performance building industry, sharing innovations and best practices from their over 200 projects with peers and partners in the sector.

Excellent Vocational Training in the Midwest

Given the great relevance of skilled workforce, GACC Midwest dedicated one of its 2014 MERLIN Awards to education. With their innovative approach to dual education, the Michigan Advanced Technician Training Program (MAT²®) was honored with the MERLIN Award for Excellence in Vocational Training. MAT² is an innovative and industry-



Rolf Achilles (Chairman of the Chicago Hamburg Sister City Committee) and Helmuth Frahm (Coordinator for the Exchange Program between College G18 in Hamburg and Robert Morris University in Chicago) with GACC Midwest President & CEO Simone Pohl and VP Mark Tomkins

defined approach to education benchmarked on the German Dual Education System, which has attracted national attention. MAT² combines classroom instruction with paid work experience in a three-year program in which businesses partner with community colleges to train the next generation of industry-leading technicians, who will be certified following both the highest German and U.S. standards. Initiated in 2012 with the pilot mechatronics program launched in 2013, MAT² is truly the first of its kind in the U.S., following the German model organized by a consortium of the state of Michigan, companies, and community colleges. Starting with two community colleges and 11 companies, this public-private partnership is poised for a dramatic expansion in 2014, adding new companies, new community colleges, new training areas, and aiming to more than triple the number of participating students.

These three award winners definitely paint a very promising picture for the future of German-American business. "All these winners emphasize the dynamic potential of both the German subsidiaries in the U.S., as well as the growth and attractiveness of our region," says Simone Pohl, President & CEO of GACC Midwest.



Strong Business Between Sister Cities

Transatlantic relationships benefit from various types of partnerships, ranging from business to culture to sports. International sister cities play a key role in fostering these relationships. One excellent example of this

"The 2014 MERLIN Awards Gala was a great success. We are proud to have such an engaged audience and look forward to more excellence, growth, and innovation among our companies,"

Simone Pohl

is Chicago Sister City International's Chicago-Hamburg Committee, which is doing an exemplary job at fostering business and communal ties between the cities. With a company network encompassing big players as well as hidden champions, Chicago and Hamburg can rely on a vibrant transatlantic economic framework. Our Chicago Hamburg Business Forum event series is a prime example for the strong economic ties between our cities.

To honor the 20th anniversary of this successful sister city relationship, the annual MERLIN Awards Gala 2014 was centered on the work of the Chicago-Hamburg sister city relationship. Since 1994, the dynamic partnership between these two international business centers has become a key link for German-American business in the Midwest. The partnership aims at promoting the global cities, developing international partnerships and networks, and sharing best practices through citizen-to-citizen connections. Special guests of the night, Prof. Rolf Achilles (Sister City Committee) and Helmuth Frahm (Exchange Program Coordinator) shared interesting insights into the work of the Sister City Committee and a school exchange program preparing students for a transatlantic career.

Major cooperative initiatives of the Sister City Committee focus on sports, e.g. through the many soccer exchanges, as well as the arts, e.g. with a performance of the

Hamburg Ballet - John Neumeier. The collegiate exchange between Hamburg G18 and Robert Morris University allows students to gain international working experience and has proven to be a stepping stone for successful careers abroad. The MERLIN Awards Gala, which was preceded by a popular Silent Auction, also featured a performance

by a Beatles tribute band for another special reference to Hamburg.

GACC Midwest is excited to move the sister city relationship forward in the future, building on our long-lasting partnership with Hamburg Marketing, the Hamburg Chamber of Commerce and both great cities of Hamburg and Chicago. ■

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New Disclosure Obligations for Using Conflict Minerals

By Verena Eike, GTAI

The Security and Exchange Commission (SEC) adopted a rule mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act to require companies to publicly disclose their use of conflict minerals. The new disclosure obligations also affect German companies. Besides the effect on the electronic industry, the obligations usually apply to the jewelry trade, aircraft and aerospace industry, as well as medical devices. The intent and purpose of the regulation is to make it more difficult for armed groups in conflict-affected and high-risk areas to finance their activities through the mining of and trade in minerals.

Since June 2013, publicly listed companies have been obliged to file a disclosure report regarding their use of conflict minerals for the very first time. Conflict minerals originate in the Democratic Republic of the Congo (DRC) or an adjoining country e.g. Central Africa Republic, Zambia, Angola, the Republic of Congo, Tanzania, Burundi, Ruanda and Uganda. Minerals such as cassiterite, columbite-tantalite, gold, and wolframite are affected, if they are “necessary to the functionality or production of a product” manufactured by those companies.

Business associations hoped for the judgment of the Court of Appeals for the District of Columbia Circuit. The court ruled that the requirement for issuers to report whether any of their

products have “not been found to be ‘DRC conflict free’” violated the First Amendment last April. However, the court upheld the remainder of the Conflict Minerals law. Based on the recent court decision, the SEC has reduced some of the conflict mineral disclosures. The SEC’s Division of Corporation Finance issued a statement confirming the existing filing deadline for SEC issuers subject to the Conflict Mineral law.

Despite the judgment, a specialized disclosure report (Form SD) is still required to be filed. Companies which filed a Conflict Minerals Report must describe the due diligence procedures they performed. Companies which do not need to file a Conflict Minerals Report should disclose their country of origin inquiry and briefly describe the investigations they undertook in their Form SD. A company can elect to make a statement regarding which of their products are “DRC conflict free”. In this case, a company has obtained an independent private sector audit as required by the Conflict Mineral law.

A company can be sued for making false or misleading statements by anyone who relied upon such information to purchase or sell a security, and also for damages and attorney fees, among other provisions.

Despite companies’ best efforts to comply, legal questions remain, particularly over the definition of whether conflict minerals are



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“critical to the functionality” of products and must be traced. For instance, financial services companies might want to think about what materials are present in the chips in their credit or debit cards. Telecommunications companies might have to perform due diligence on more than their cellphones.

How does the Dodd Frank Act affect German companies in the U.S.?

Generally, this legislation affects any SEC-listed company in the U.S. that utilizes the above mentioned minerals.

A key factor to ensure the legitimacy of minerals in the supply chain is to



GTAI INDUSTRY TALK

Detailed industry reports, written by the U.S. correspondents of German Trade and Invest (GTAI), the official German foreign trade and inward investment agency.

thoroughly conduct due diligence reports. This, however, is not an easy task, due to the complexity of the trade of precious minerals. Siemens, as a manufacturer of a variety of electronic devices, emphasized in their current annual report the importance of transparency in their supply chain:

"We are currently working on an implementation strategy for the above-referenced legislation. Since we operate within highly complex value chains, we are required to undertake a significant due diligence process in order to comply with the conflict minerals due diligence requirements."

It is noticeable that the Dodd-Frank Act created awareness in regards to

the origin of precious metals and minerals. The German company Infineon, for example, is not subject to the SEC reporting requirement, according to its recent annual statement. Despite this exclusion, the company voluntarily started a request in 2009 to its suppliers to provide information about the origin of the minerals in question. As a result, the company was able to draw up a "Conflict Minerals" statement, identifying all smelters in their supply chain. The results were published in the 2013 annual report:

"The analysis of these results by region shows that these smelters are not located in the Democratic Republic of the Congo or an adjoining country." ■



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WASHINGTON
★ UPDATE ★

NEWS FROM INSIDE THE BELTWAY

5th Round
of TTIP Talks

By Fabian Wendenburg, RGIT

"If we succeed in doing this, Europe and America will be able to develop global standards."

**Angela Merkel,
German Chancellor**



German Chancellor Angela Merkel
at the U.S. Chamber of Commerce

Negotiations on a comprehensive transatlantic trade and investment partnership (TTIP) entered their 5th round on May 19th in Arlington, VA. This round focused on market access for goods and services, regulatory cooperation, government procurement as well as on a chapter on sustainability. In the run-up to this negotiation round, the European Commission published specific proposals on regulatory cooperation in five key sectors (chemicals, cosmetics, motor vehicles, pharmaceuticals, and textiles).

At a "TTIP Stakeholder Forum", the Federation of German Industries (BDI) gave a presentation outlining priorities for regulatory cooperation which is a key priority in TTIP. From our perspective, small and medium-sized enterprises could particularly benefit from an enhanced regulatory cooperation: If redundant and duplicative test and licensing procedures could be mutually recognized or harmonized, this would decrease administrative costs that burden SME. If the EU and the U.S. agree on common standards, or manage to develop joint standards in the future, manufacturers would not have to produce different components for

each market, which would significantly decrease production costs. The machinery sector estimates that costs could be lowered by up to 20 per cent. In order to achieve these efficiencies, TTIP must contain sector-specific agreements across all major industrial sectors as well as a mechanism for cooperation on upcoming regulations. At the same time it is crucial that TTIP must not lower safety requirements, consumer protection or social and environmental standards, and that it must not undermine the right to regulate by the U.S. or the EU and its member states.

Chancellor Merkel promotes TTIP in Washington

In a visit to Washington in early May, German Chancellor Angela Merkel voiced her strong support for TTIP. During a speech at the U.S. Chamber of Commerce, she said that TTIP should eliminate duplicative and redundant regulations without lowering standards for consumers, workers, or the environment: "If we succeed in doing this, Europe and America will be able to develop global standards. With a transatlantic [trade and investment] agreement, we will enhance our economic leverage and we will be able to set standards."

RGIT REPRESENTATIVE

of German Industry + Trade

About the Author



Fabian Wendenburg, Federation of German Industries (BDI), Senior Manager, currently at the Representative of German Industry and Trade (RGIT) in Washington

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TTIP currently faces strong opposition in Germany. Civil society groups and NGOs view TTIP as a de-regulation project that would undermine consumer standards and democratic rule making. Thousands of citizens have signed petitions to stop negotiations. German industry continues to promote the agreement by highlighting the benefits for companies and consumers and by refuting the concerns and allegations

that prevail in the current debate. Further information, including a BDI paper called “Myths, Facts and Arguments”, can be found at www.bdi.eu/BDI_english/TTIP.htm. Likewise, the Representative of German Industry and Trade (RGIT) is promoting the TTIP around the United States, including panel discussion in Washington, DC and Greenville, SC. In addition, TTIP information and stakeholder events organized by RGIT and the German-American Chambers of Commerce are planned in Houston, Dallas, and San Francisco. In Washington, RGIT manages a TTIP working group with German business representatives.

Conclusion by 2015?

There is no official deadline for TTIP talks; however, Chancellor Merkel has stated that negotiations should be concluded by the end of 2015. We must also bear in mind that after negotiations are concluded, the agreement then has to be approved by the U.S. Congress as well as by the European Council, the European Parliament, and potentially the legislatures of EU member states. On the U.S. side, it is crucial that Congress grants President Obama “Trade Promotion Authority” (TPA) in order to facilitate Congressional approval of TTIP. ■

Facts about TTIP negotiations:

- Negotiations started in July 2013. There is no official deadline, but political leaders have pushed for a swift conclusion of the agreement.
- There are 24 negotiation areas, dealing with issues such as market access for goods and services, rules of origin, protection of IPR, investments and agriculture.
- Negotiations are led by Dan Mullaney (Office of the U.S. Trade Representative) and Ignacio Garcia Bercero (EU-Commission).
- Congress as well as the EU Parliament and EU member states are consulted and updated on a regular basis.
- Contrary to public perception, negotiators have always made it clear the TTIP will not lead to lower standards, and that it will not undermine the right to regulate by the U.S., the EU and EU members states.
- Negotiators have agreed to have a SME chapter in TTIP designed to facilitate transatlantic trade and to provide guidance for small and medium-sized enterprises.
- Resources:
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New Mexico

Land of Enchanting Science

by Stephan Helgesen, Honorary German Consul in New Mexico

When most people think of New Mexico they picture broad vistas, brilliant blue skies, high mountains, deserts, skiing, hiking, history, the Wild West, Billy the Kid and Kit Carson. Their minds invariably wander to Santa Fe, the U.S.' oldest capital city and to fine food, art and Indian pueblos.

New Mexico is, certainly, all of those things, but it is ever so much more. Nearly the size of Germany but with only a little over 2 million people compared to Germany's 80-million-plus population, New Mexico's vast expanse of land is home to two of the U.S.' finest national laboratories: Los Alamos and Sandia. Los Alamos or LANL as it's called, is run by the U.S. Department of Defense and earned its reputation during WWII as the site of the 'Manhattan Project.' Today, the sprawling institution employs thousands of scientists and

researchers, some of whom were German citizens before they gave up their citizenship in order to work on top secret projects. Los Alamos' research crosses several scientific disciplines making it a very diverse laboratory. Its international relationships and projects are extensive.

Its 'cousin' lab to the south in Albuquerque, some 90 miles away, is Sandia National Laboratories which is run under contract for the U.S. Department of Energy. Sandia's research is also diverse but is also intensely focused on, not surprisingly, energy. The lab specializes in renewable energy like passive and concentrated solar. Its concentrated solar tower is truly impressive (as is its huge mirror) and is in constant use. The lab has its own nano research facility and frequently partners with its neighbor, Kirtland Air Force Base, on sophisticated laser projects.

The White Sands Testing Facility near Alamogordo in the south and three state research universities (University of New Mexico, New Mexico State University and New Mexico Mining and Technology or 'Tech') also contribute to New Mexico's science 'footprint.' It is estimated that the federal government contributes about \$6 billion to New Mexico's economy every year, and its return on that investment is substantial. Much of New Mexico's industry is service-related with only a few large companies calling the state home. Intel is one of them with a massive chip fabrication plant located in neighboring Rio Rancho. It is estimated that Intel alone accounts for slightly over 50% of New Mexico's exports.

During the last decade, New Mexico has worked to strengthen ties with its neighbor to the south, Mexico. Significant investment has been made in the southern corridor to Mexico near the town of Santa Teresa where millions of dollars have been devoted to making that area a transportation hub for commerce to/from Mexico. The Union Pacific Railroad is one of the prime transportation 'movers,' having made a commitment some time ago to play a key role in catalyzing growth in 'the south.'

New Mexico is also home to 'Spaceport America,' a multi-million dollar joint venture with Sir Richard Branson of Virgin Galactic that will transport private citizens 62 miles into sub-orbital space. The waiting list for the \$200,000 tickets are long and anticipation is high as the Spaceport



Albuquerque Balloon Fest

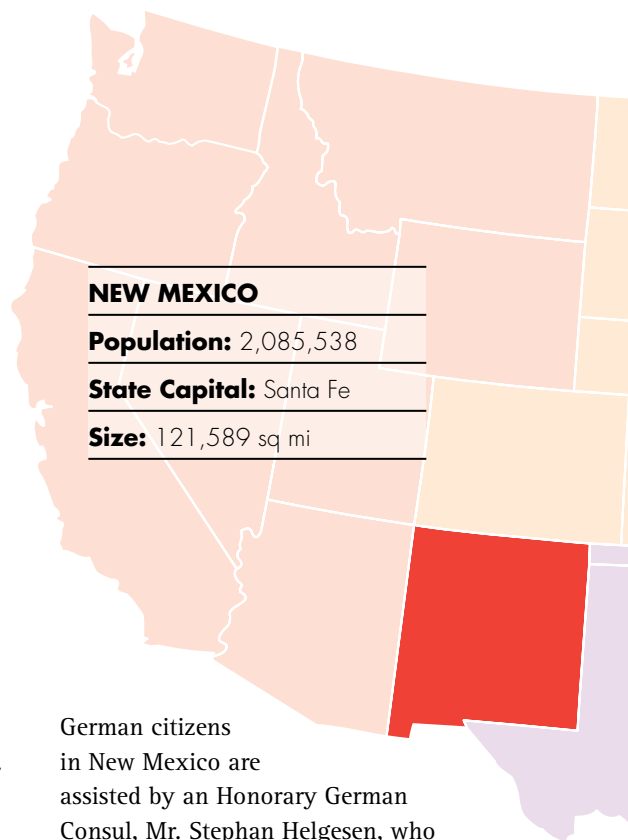
moves towards its goal of sending the first manned flight up in 2014.

New Mexico has always welcomed foreigners, and during the years leading up to WWI, many Germans called the state home (nearly 9% of the population was German then). German emigration to New Mexico tapered off after WWI and never again rose to its high point at the end of the 19th century. The state has, however, been home to a training contingent of the German Air Force since 1955, and it is estimated that approximately 1,400 German citizens live in and around the Holloman Air Force Base in Alamogordo where this contingent of the Luftwaffe is located.

German tourists have always found New Mexico a welcoming place, and the state has Karl May and his many books to thank for 'promoting' the

Wild West. The state paid Herr May back in 2013 with a several months' long exhibition of his books, his 'silberbuchse,' with photos and a film festival of movies from the 60s based on his works.

Other German institutions include the Taos German Summer School which is celebrating its 38th year of constant operation, bringing the German language to hundreds of college students who stay in the picturesque Taos ski area (speaking nothing but German) for one month. New Mexico is also home to several German companies like Sennheiser (manufacturer of acoustical equipment for the entertainment industry), Heel (producer of homeopathic preparations) and CFV Solar (a solar energy industry testing facility that is partnered with the Fraunhofer Institute). Together, the companies employ several hundred workers.



NEW MEXICO

Population: 2,085,538

State Capital: Santa Fe

Size: 121,589 sq mi

German citizens in New Mexico are assisted by an Honorary German Consul, Mr. Stephan Helgesen, who was formerly a U.S. diplomat who lived in Germany. He reports to the German Consulate in Houston. He can be reached at: honoraryconsul@honorarygermanconsul.org

Whether its tourism, higher education, commerce, science and technology, historical sites, outdoor sports, cuisine or culture, New Mexico is busy living up to its moniker as the Land of Enchantment and extends an open invitation to its German friends to sample all the state has to offer. ■

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DHL Global Forwarding	Albuquerque
DB Schenker – Rio Rancho	Rio Rancho
M+W U.S., Inc. Rio Rancho	Rio Rancho
Schott Solar PV, Inc.	Albuquerque
Louis and Company	Albuquerque
ThyssenKrupp Elevator	Albuquerque



Solar Tower (Courtesy of Sandia National Laboratories)

Interview with Erik Christensen

President & General Manager, Hansgrohe, Inc.



*Erik Christensen
President/GM, Hansgrohe, Inc.*

GAT: You have more than 25 years of experience in the building products and flooring industries. Throughout your career, you have helped firms leverage their sales, logistics and operations. How does it feel to be the new President/GM of Hansgrohe, Inc?

Erik Christensen (EC): It feels great. Hansgrohe has a legacy of innovation, the highest quality standards, exceptional customer and market focus, a commitment to environmental sustainability, and solid business performance year after year. The people make the company what it is and this team is outstanding. They are dedicated and passionate about what they do. From customer service, to interfacing with channel customers, to operations, to sustainable product manufacturing, to sales, there is a common thread of excellence that really stands out. I'm proud to be able to lead and grow with Hansgrohe.

GAT: What are your personal, and the company's visions, to build on Hansgrohe's growth record in North America? What are the biggest potentials and challenges of this market?

EC: Simply put, my vision for the company is to continue the growth

we've experienced in the U.S. We will stay focused on channel needs and do our best to exceed customers' expectations. As a key industry player, we will continue to adjust as the market fluctuates, and will remain nimble and responsive to those demands and channel opportunities. I think the biggest challenge will be the market as a whole. It looks like things are stable on the demand side and predicted to remain that way. However, like any smart business, we are aware we must be vigilant and stay on top of market signals.

GAT: All of Hansgrohe's appliances incorporate elements of innovation and inspiration. How do you strike this delicate balance between modern design and functionality?

EC: Design always comes first. Then we challenge our R&D/Engineering departments to use their technical mastery to integrate the functionality into the design. This process has resulted in many proprietary innovations and it is what makes Hansgrohe a leader in the market. As we work with our world-class designers, we do not change their visions, nor do we change ours. We simply find a way to fit the function with the

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design while keeping in mind that our products only work with one of the world's most precious resources – water.

GAT: Widely regarded as a green company, in which ways will Hansgrohe continue to focus on the sustainable handling of resources?

EC: We are committed to this on a global scale, as it is a key part of our company strategy. We were “green” before it was the popular thing to do. It is a part of our DNA. From how we build and remodel our facilities, to how we process our recycled materials, to how we design our products to save resources, we think first of the environment and second of the product. This has made us a trusted leader in the industry when it comes to sustainability. We intend to maintain this tradition of eco-responsibility in all areas of business, and will continue to set standards with our environmentally friendly products and practices. ■

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hansgrohe USA

>> www.hansgrohe-usa.com



Hansgrohe building in Alpharetta, GA



Aquadomie shower range

How Brands will Succeed in the Digital Age

By Rainer Kunst, Kunst und Kollegen

Why do we have to connect technology and creativity to increase the loyalty of our customers? Why is content marketing not only a buzzword but a chance to get a higher level of attention? What is the key to successful brand management? Insights by Rainer Kunst, CEO of Kunst und Kollegen communications New York and Düsseldorf.

Google Maps is one of my favorite apps - especially in New York City. Whether you drive, go by train or walk, you are able to select one of several routes, get real-time traffic updates and enjoy an easy and uncomplicated user interface. Simple, fast, straightforward.

It's the exact opposite of a navigation system - even in premium cars. Endless loading, a terrible user interface, routes that don't make sense and traffic news updated every hour only. No wonder car manufacturers like Audi, General Motors, Hyundai, Mercedes Benz and Toyota join forces with Google and Apple.

This however could become a problem for car manufacturers in the future. Google and Apple have an innovation capacity car manufacturers can only dream of. Today's smart cars are able to talk to each other. Car companies can now zero in on these simultaneously transmitted data and develop a multitude of business ideas with these new technologies in mind. Entirely new cars might be the result. Google is already working on it.

As a matter of fact even industries that have been able to run their multi-billion dollar businesses without

disturbance for the last decades feel the pressure of the digital age. Aereo (www.aereo.com) for example is shaking up the TV broadcasting market by offering an internet-based service that has TV and cable companies up in arms. So much so that it landed Aereo in front of the Supreme Court.

Why? Because they try to offer a clever, consumer-oriented

and reasonably-priced service. It's as simple as that.

Every industry is affected. That's why you should take a look at your products and services. What's really unique about them? Do consumers love them? Are consumers satisfied with the service and communications you offer around your products? Do consumers recommend your product to their friends? Are they willing to pay more for your product than for your competitor's products?

Did you answer all of these questions with a yes? Not very likely we assume but good for you if you did. And if you didn't? You should start working on it right away. Put the consumer in the center of your considerations. If you won't,



About the Author



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someone else will. Consumers want to be taken seriously. And if they are interested they consider following you (and not vice versa!) and get customized information.

Which brings us to advertising and communications. Media use has changed dramatically in the last decade. Not only has the time spent in different media channels changed in favor of digital media. It is also the parallel use of several devices that demands a different approach to communications.

The most important question though is how to interest a consumer in your messages at all. Every consumer comes across thousands of brands every day on several media channels. Therefore it's hard for a brand to get through to the consumer.

It's not that they are not interested in brands at all. Far from it. There are brands on Facebook that are followed

by millions of fans. But to really get their attention and interest you have to create communication platforms that deliver interesting and relevant content around your brand.

One of the most successful examples was the "Red Bull Stratos" campaign with Felix Baumgartner jumping from a helium balloon in the stratosphere. 200 TV stations were broadcasting worldwide, the jump had a live stream on YouTube with over 50 million users in total and the number of shares and comments on social media networks were countless. It all added up to an advertising value for Red Bull of \$1.3 billion. Plus, "Red Bull Stratos" was not only a spectacular event in itself, it matched Red Bull's core message "Red Bull gives you wings" perfectly.

Another example is the BMW i3. It is not only a new car but a contemporary urban mobility concept. During the development phase BMW communicated with interested consumers through blogs and social media. Drivers don't want one-dimensional apps – they want their apps to support other means of transportation as well. BMW's own venture capital company "BMW i ventures" supports the development of new mobility services (e.g. Embarc NYC, DriveNow). Of course BMW placed print ads and TV commercials in classical media to announce the launch of the car. But the big difference is that communication and customer relationship management have become a major



Felix Baumgartner jumping from the stratosphere



BMW i3 print commercial

part of the product. Needless to say, the navigation system BMW i ConnectedDrive is one of the most advanced systems on the market.

The digital age offers unlimited opportunities. On the one hand, technology can give your product an upgrade to a higher and more innovative level of functionality and service. And on the other hand, digital media channels enable companies to broadcast their own content and stay in touch with their customers more easily. You just have to connect the dots. ■

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Lars Franck works at Bilfinger. He has brought things to a halt at the TOTAL asphalt plant in Brunsbüttel, and for good reason: the plant is undergoing an extensive upgrade in connection with turnaround activities. Bilfinger is performing maintenance and repairs, but also optimising and recommissioning the plant to run more efficiently and better than ever! www.bilfinger.com

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Opens New York City Office

FC Bayern Munich is one of the most successful soccer clubs in the world. According to a study conducted by Brand Finance in 2014, FC Bayern Munich is also the most valuable soccer brand in the world of football. From a performance perspective, FC Bayern Munich finished the 2013/2014 season in 3rd place in the official UEFA club rankings.

FC Bayern Munich was founded by eleven soccer players in 1900, and since then has grown into the most successful outfit in German soccer history, having won a record number of 24 national championships and 16 national cups. With five European Cup titles, FC Bayern Munich is one of the big players in European soccer, and in the 2012/13 season, FC Bayern Munich became the first German team in soccer history to win the continental treble

consisting of the Champions League, the German Bundesliga and the German domestic cup. Subsequently, in December 2013, Bayern also won the FIFA Club World Cup.



With 240,509 members (April 2014), Bayern is the second-biggest sports club in the world regarding numbers, with more than 278,000 fan club members organized in 3,699 officially enrolled FC Bayern Munich fan clubs all over the world. Studies from Repucom in 2013 showed that more than 292 million people all over the world are at least interested in FC Bayern Munich, 15 million of them in the United States.

In order to identify and engage with these 15 million people in the United States, in April 2014 FC Bayern established a presence in the United States with a permanent office in New York City on Lexington Avenue. The aim is to raise the awareness of the FC Bayern Munich brand in the USA by building and maintaining media relationships, supporting soccer related

grassroots projects and initiating events and campaigns together with partners and fan clubs.

FC Bayern's last visit to the United States was in 2004. As part of its U.S. tour in the summer of 2014, presented by Audi, FC Bayern will play two matches on U.S. soil. On July 31, the team will face Chivas Guadalajara at the Red Bull Arena in New Jersey in the Audi Football Summit. In addition, the team will also take part in the MLS Allstar Game on August 6 in Portland, OR. ■



The Allianz Arena in Munich

Information about the club and both matches can be found on the FC Bayern Munich website
 >> www.fcbayernmunich.com

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What do you like the best about your job?

My job in the U.S. Representative Office of Messe München International is mainly visitor marketing for all trade shows of our portfolio. Besides that, I am also taking care of the "opti show" concerning U.S. exhibitors and visitors. I really enjoy working at the interface between Messe München in Germany and U.S. exhibitors, visitors and media partners. Communicating with all these groups on a daily basis makes my job rich in variety and excitement. The different industries and characteristics make strategic communication planning for every trade show unique.

Which was the most fun project you've worked on?

We just added the "opti show," the international trade fair for optics and design, into our trade show portfolio.

Our Exhibition Director from Germany and I went on a tour through New York City visiting important optical shops and talking to people who have been in the industry for a long time. Furthermore, we visited the Vision Expo East show, which is the competitive show for optics & design in the U.S. It was such a great experience to get to know a new industry.

What's the most exciting project coming up for you?

Next year we have to prepare and do the communication planning for the shows in 2016. Our shows have different frequencies; about 15 of them are going to take place in 2016, including our biggest shows "bauma" and "electronica." It is a great challenge to manage the marketing simultaneously. Especially the bauma show is going to be very interesting as it is the biggest show worldwide in that industry. ■



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<h1>Event Calendar</h1> <p>July 7 – August 20</p> 		<p>July 7 - 10 Intersolar 2014</p> <p>Held by GACC West San Francisco, CA www.gaccwest.com</p>	<p>July 11 - 13 CO Chapter: Biergarten Festival</p> <p>Held by GACC Midwest Denver, CO www.gaccmidwest.org</p>	<p>July 13 FIFA World Cup Final</p> 	
<p>July 15 German American Business Stammtisch</p> <p>Held by GACC South Chattanooga, TN www.gaccsouth.com</p>	<p>July 16 International Business Networking</p> <p>Held by GACC Midwest Chicago, IL www.gaccmidwest.org</p>		<p>July 22 New Member Reception</p> <p>Held by GACC South Atlanta, GA www.gaccsouth.com</p>	<p>July 24 HR Circle</p> <p>Held by GACC Midwest Chicago, IL www.gaccmidwest.org</p>	<p>July 24 German American Water Roundtable</p> <p>Held by GACC Midwest Pittsburgh, PA www.gaccmidwest.org</p>
<p>July 25 WI Chapter: Annual German Fest Reception</p> <p>Held by GACC Midwest WI www.gaccmidwest.org</p>			<p>August 6 International Social Cruise on Lake Michigan</p> <p>Held by GACC Midwest Chicago, IL www.gaccmidwest.org</p>	<p>August 19 German American Business Stammtisch</p> <p>Held by GACC South Chattanooga, TN www.gaccsouth.com</p>	

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Building on the success of its manufacturing facility in Chattanooga, TN – where a recent study shows that VW Chattanooga activities have created 12,400 full-time jobs at VW, suppliers and in the regional economy, and are responsible for \$643.1 million in annual income – the Volkswagen Group will expand its powertrain and vehicle assembly capacities in the NAFTA region.

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