

GERMAN AMERICAN BUSINESS OUTLOOK 2014



1,900 headquarters of German subsidiaries were approached for this survey in the fall of 2013. Approx. 10% of senior management responded, mostly from *Mittelstand* firms (German SMEs).

Publisher:

German American Chamber of Commerce, Inc. TM
75 Broad Street, 21st Floor | New York, NY 10004, USA
Phone: +1 (212) 974-8830 | Fax: +1 (212) 974-8867
info@gaccny.com

www.ahk-usa.com



German American
Chambers of Commerce
Deutsch-Amerikanische
Handelskammern

CONTENT

- 3 WELCOME**
- 4 AMBASSADOR'S GREETING**
- 6 CHAIRMAN'S GREETING**
- 8 SURVEY RESULTS**
 - 8 SALES**
 - 9 COSTS**
 - 10 HEADCOUNT**
 - 11 SKILLS ACCESSIBILITY**
 - 12 GROWTH**
 - 14 EXCHANGE RATE**
 - 15 CORPORATE WISHLIST**
 - 16 TTIP**
 - 17 KEY TAKEAWAYS**
- 18 ANALYSIS – DANIEL S. HAMILTON**
- 22 INDUSTRY PANEL – EXCLUSIVE INTERVIEWS**
- 27 TALKING POINTS**
- 28 GACC AWARD – TRAINER OF THE YEAR**
- 32 ABOUT THE GACCs**
- 33 ABOUT RGIT**
- 34 ABOUT ROLAND BERGER**
- 35 SPONSORS**

WELCOME

Dear Members and Friends,

The global German chamber network has a strong presence in the United States – our eight offices service more than 2,500 member companies – and we continue to grow: In 2013, GACC Midwest opened its new Michigan office.

The United States remains as attractive as ever for German companies. The results of the 5th German American Business Outlook prove that point: Confidence levels of German investors hit a five-year high with 98% of German subsidiaries expecting growth for their own business. Despite concerns of U.S. fiscal policy and increasing labor cost, firms plan to introduce new product lines and to hire new personnel.

Unfortunately, many firms still face difficulties trying to fill positions in the mechanical or engineering field – in fact, 49% of respondents are reporting skill shortages, mostly STEM-related. This year's GACC Award "Trainer of the Year" draws attention to this critical issue – our winner Mike Bryan of Bosch Rexroth in South Carolina is a seasoned vocational training professional with 32 years of experience and hundreds of successful graduates.

At the same time, the ongoing Transatlantic Trade and Investment Partnership (TTIP) negotiations send encouraging signals for the future of German-American business. Companies believe that a successfully implemented TTIP could stimulate growth, especially if tariffs could be reduced and regulatory cooperation increased – a bright future for transatlantic trade and investment to look forward to.



Simone Pohl
President & CEO
GACC Midwest



Dietmar Rieg
President & CEO
GACC New York



Martina Stellmaszek
President & CEO
GACC South



Dr. Thomas Zielke
President & CEO
RGIT

Four handwritten signatures in black ink, corresponding to the four individuals listed above: Simone Pohl, Dietmar Rieg, Martina Stellmaszek, and Dr. Thomas Zielke.

AMBASSADOR'S GREETING



Peter Ammon

*Ambassador of the Federal
Republic of Germany to the
United States*

“*A successfully negotiated Transatlantic Trade and Investment Partnership (TTIP) will boost economic growth in the United States and Europe.*”

Dear Members and Friends of the German American Chambers of Commerce,

In the past five years since the global financial and economic crisis, we have undoubtedly made significant strides towards recovery; however, there are still many challenges that lie ahead. For this reason, continued strong transatlantic cooperation is more important than ever. The United States and Europe already share the most intensive bilateral economic relations worldwide. Together, our economies account for about half of global GDP and nearly a third of world trade flows.

This year, we have entered a new era by launching a project that will be an economic and strategic game-changer: A successfully negotiated Transatlantic Trade and Investment Partnership (TTIP) will boost economic growth in the United States and Europe, and will add to the over 13 million American and European jobs already supported by

transatlantic trade and investment. It is therefore of the utmost importance that we join forces and work together to create a forward-looking, ambitious framework that sets global standards and regulations for the 21st century. Beyond that, it will be of great strategic importance. The more our transatlantic economies are intertwined, the closer we will be in our strategic outlook.

Our businesses are the driver of the transatlantic economic relationship, contributing to growth and jobs on both sides of the Atlantic. It is estimated that a third of transatlantic trade actually consists of intra-company transfers. However, many of our companies are still facing a number of obstacles that constrain their economic activities. This includes obvious barriers such as tariffs but also – and more importantly – non-tariff barriers to trade and investment.

Therefore, it is important that we address different regulatory requirements that impede transatlantic trade. We cannot overestimate the importance of this initiative, for both its economic and its strategic consequences. TTIP is a new foundation of our transatlantic relationship, and we cannot afford to let this opportunity slip away.

I am pleased that we have on our side a partner such as the German American Chambers of Commerce. I congratulate the Chambers on the excellent work they are doing to help our businesses succeed in the global marketplace.

Many opportunities lie ahead, and I look forward to our continued cooperation.
All the best for a successful New Year.

Sincerely,

A handwritten signature in black ink, reading "Peter Thum". The signature is stylized with a large, looped 'P' and a cursive 'Thum'.

“Our businesses are the driver of the transatlantic economic relationship, contributing to growth and jobs on both sides of the Atlantic.”

CHAIRMAN'S GREETING



W. David Braun
Partner, Quarles & Brady LLP
(Chairman AHK USA &
GACC Midwest)

“German companies support roughly 581,000 jobs in the U.S. – and German subsidiaries in the U.S. continue to grow and look positively into the future.”

Ladies and Gentlemen,

The German-American business community is as vibrant and optimistic as ever. German investment, technology, products, and services are increasingly recognized as contributing to U.S. jobs and economic growth. Over the years, our annual German American Business Outlook has confirmed this over and over again. German companies support roughly 581,000 jobs in the U.S. – and German subsidiaries in the U.S. continue to grow and look positively into the future.

The strength of German companies in the U.S. is based on several pillars, including innovative technology, state-of-the-art production capabilities, and commitment to training. Based on those assets, German investment is highly sought after across the

country. Given German companies' track record of successful growth through innovation and education, German investment in the U.S. is able to add to the revival of both national and local communities and economies.

The German American Chambers of Commerce (GACCs) are dedicated to supporting the thriving German-American business community – through public programs, membership services, and professional consulting. With this unique portfolio, the GACCs are the ideal facilitator for companies interested in entering or expanding in the U.S. market. Our national and international networks supported by our membership offer a dynamic pool of knowledge and consulting services tailored to supporting companies as they seek advice, business partners, and new markets.

In order to speak more effectively to the key issues affecting our over 2,500 members nationwide, the GACCs have created a joint Board of Directors to address the challenges and opportunities facing us. One of those is the Skilled Workforce Initiative, with which we aim to spread best practices in vocational training and workforce development. And both sides of the Atlantic are working to spur transatlantic trade and investment through the ongoing negotiation of the Transatlantic Trade and Investment Partnership (TTIP). Achievement of such an agreement could not only ease trade barriers but also boost transatlantic trade and investment, which would work to the mutual benefit of German and U.S. companies and consumers and promote expansion of trade and economic growth.

We look forward to an exciting future for transatlantic relations – and we invite you to be an active part of this future.

A handwritten signature in black ink, reading "W. David Braun". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

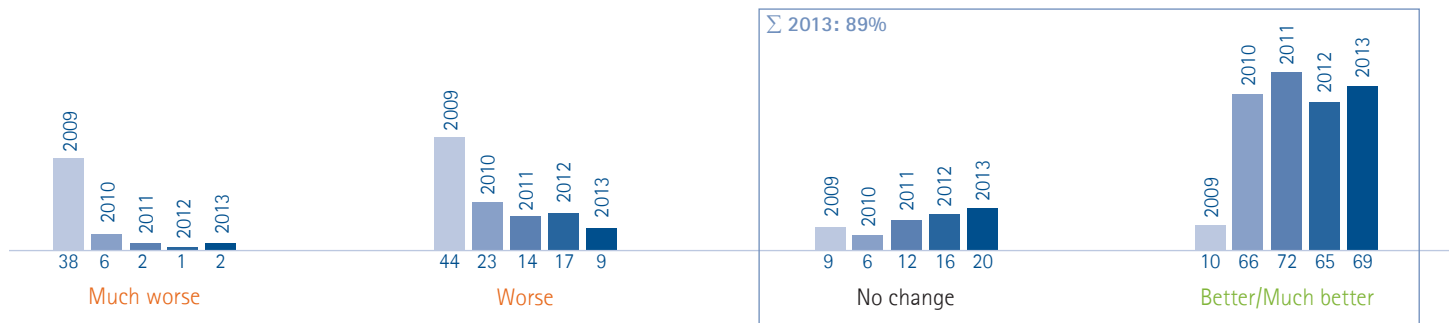
“The GACCs are dedicated to supporting the thriving German-American business community.”

SURVEY RESULTS

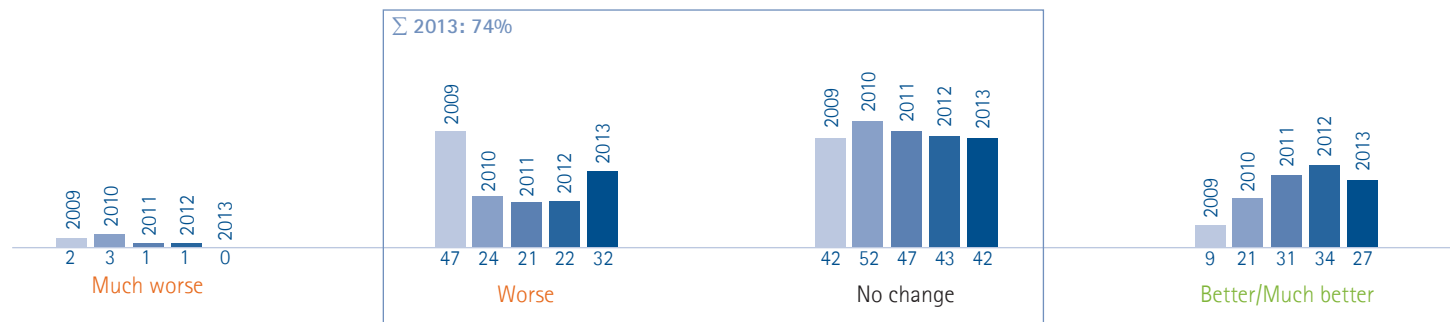
SALES

Despite stagnating price levels, 89% report unchanged/upward trends in sales volumes. Firms reported another strong year of sales volume growth, continuing their recovery from the volume decreases caused by the economic slowdown. However, on average, firms have also experienced a slight decrease in sales prices.

Change in Sales Volumes 2009–2013 (%)



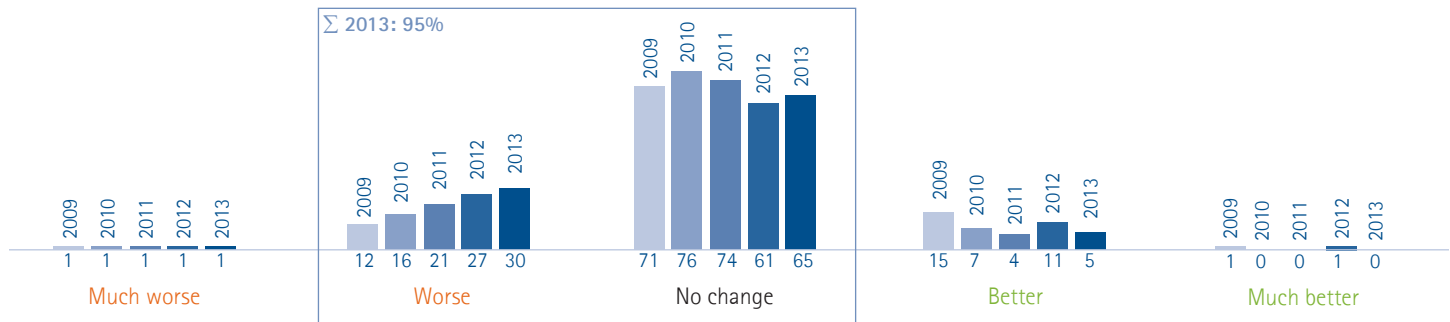
Change in Sales Price 2009–2013 (%)



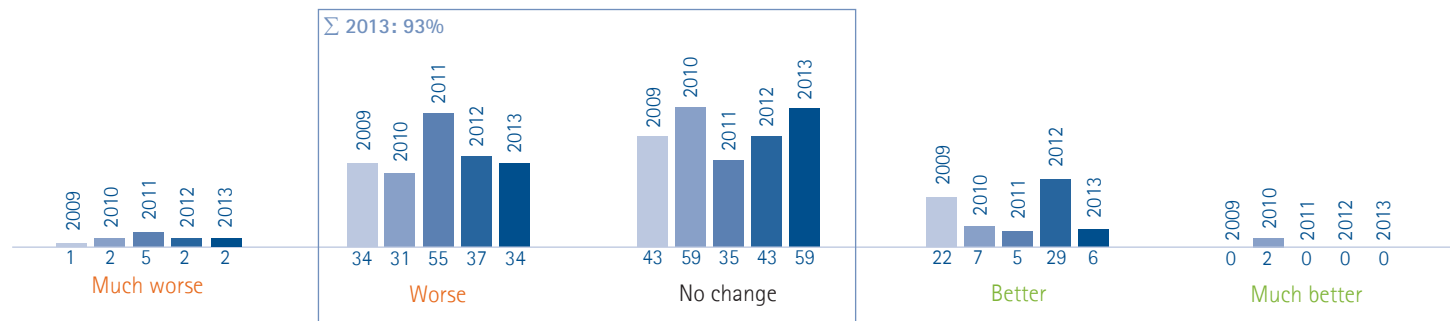
COSTS

As market stability returns, labor and input costs have marginally increased. Labor costs are increasing due to upward wage pressure as the economy continues to rebound. Non-labor costs showed signs of stabilization in 2013.

Change in Labor Costs 2009–2013 (%)



Change in Non-labor Costs¹ 2009–2013 (%)



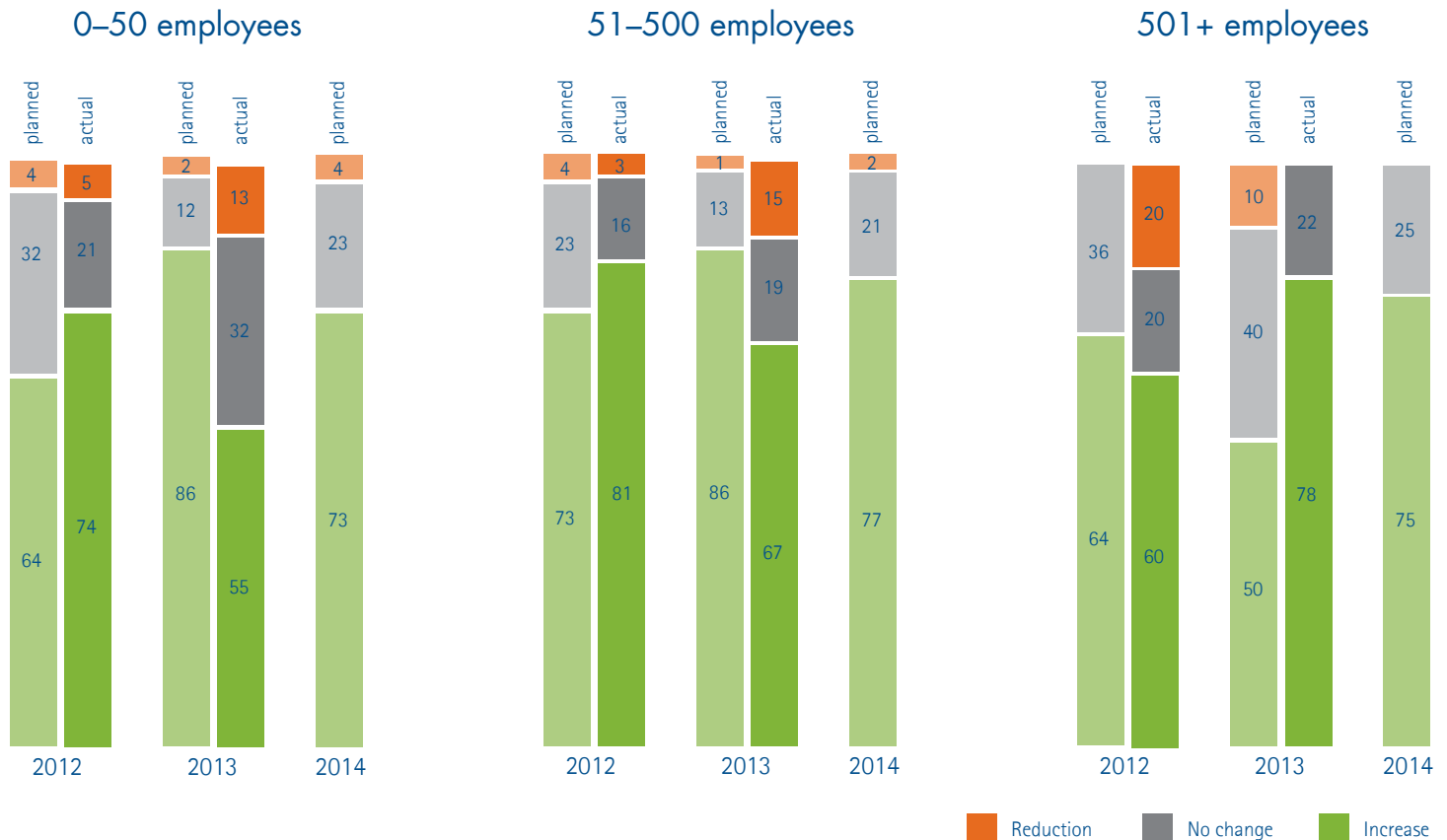
1) Non-labor costs = raw material costs and costs of semi-finished and finished goods

SURVEY RESULTS

HEADCOUNT

On average, 75% of firms intend to increase their workforce in 2014 – an indicator for a very positive economic development. Many SMEs did not hire to the degree they had planned in 2013, while large firms increased hiring beyond expectations. SMEs in particular plan to boost hiring again in 2014.

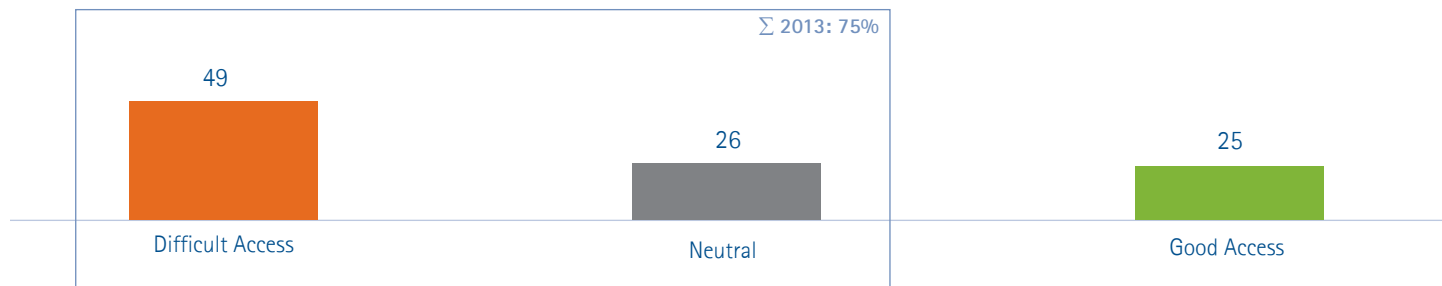
Headcount Change by Company Size 2012–2014 (employees)



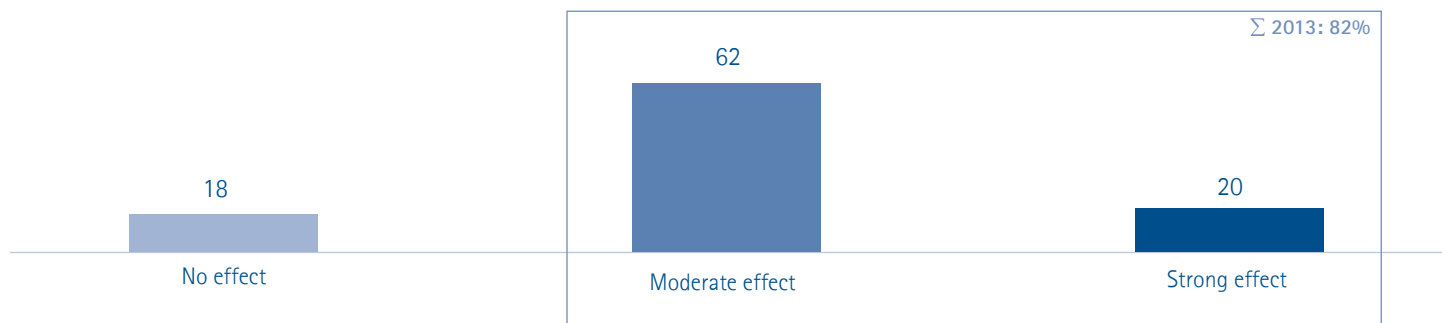
ACCESSIBILITY OF SKILLED WORKFORCE

Lack of skilled labor affects almost 50% of German subsidiaries. A majority of respondents report difficulty sourcing labor with the skills they require. Access to a sufficiently skilled workforce has a noticeable impact on a company's investment outlook when considering options in the U.S.

Ease of Access to Skilled Workforce in the U.S. (%)



Effect on Future Investment in the U.S. (%)

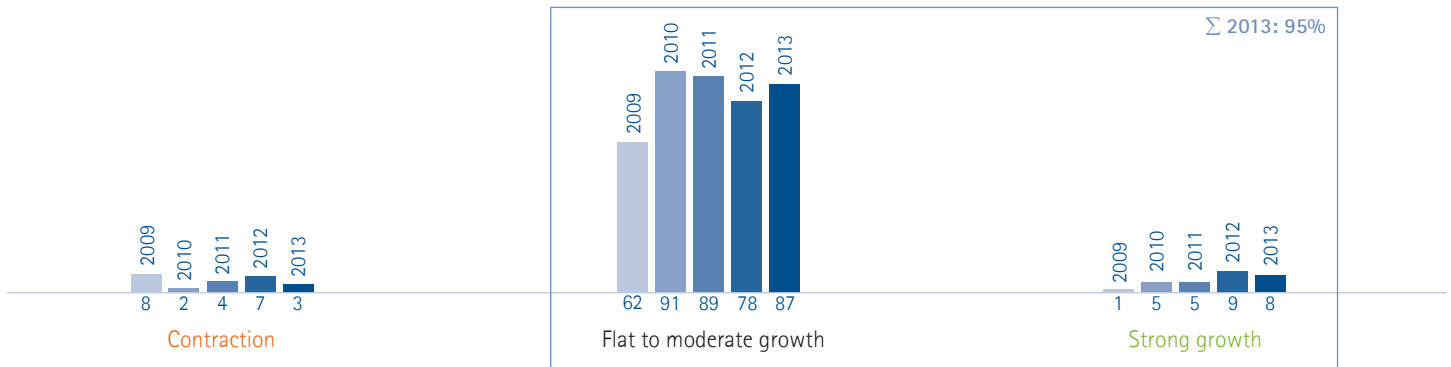


SURVEY RESULTS

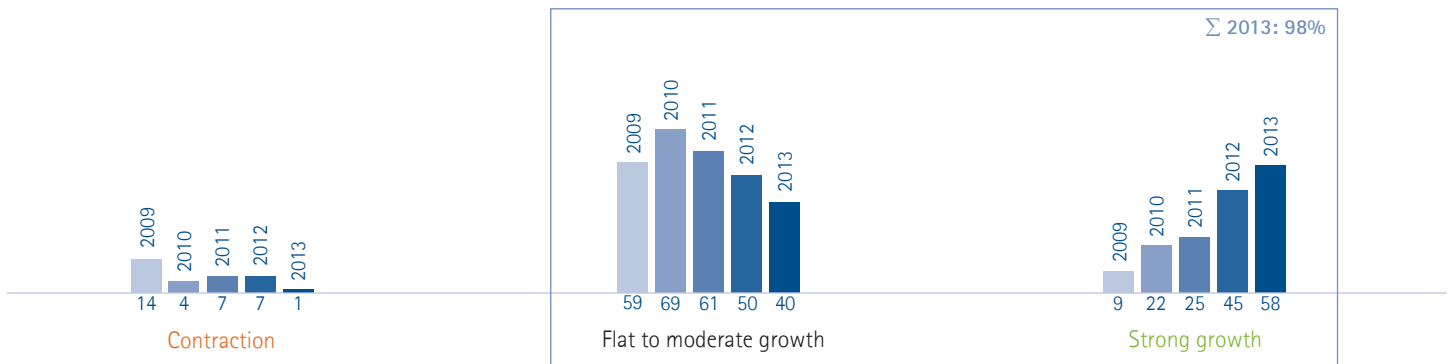
GROWTH

Confidence hits five-year high, 98% of German subsidiaries expect business growth in 2014. Firms believe that their own businesses will grow at a pace greater than that of U.S. macroeconomic growth.

U.S. Growth Outlook¹ (%)

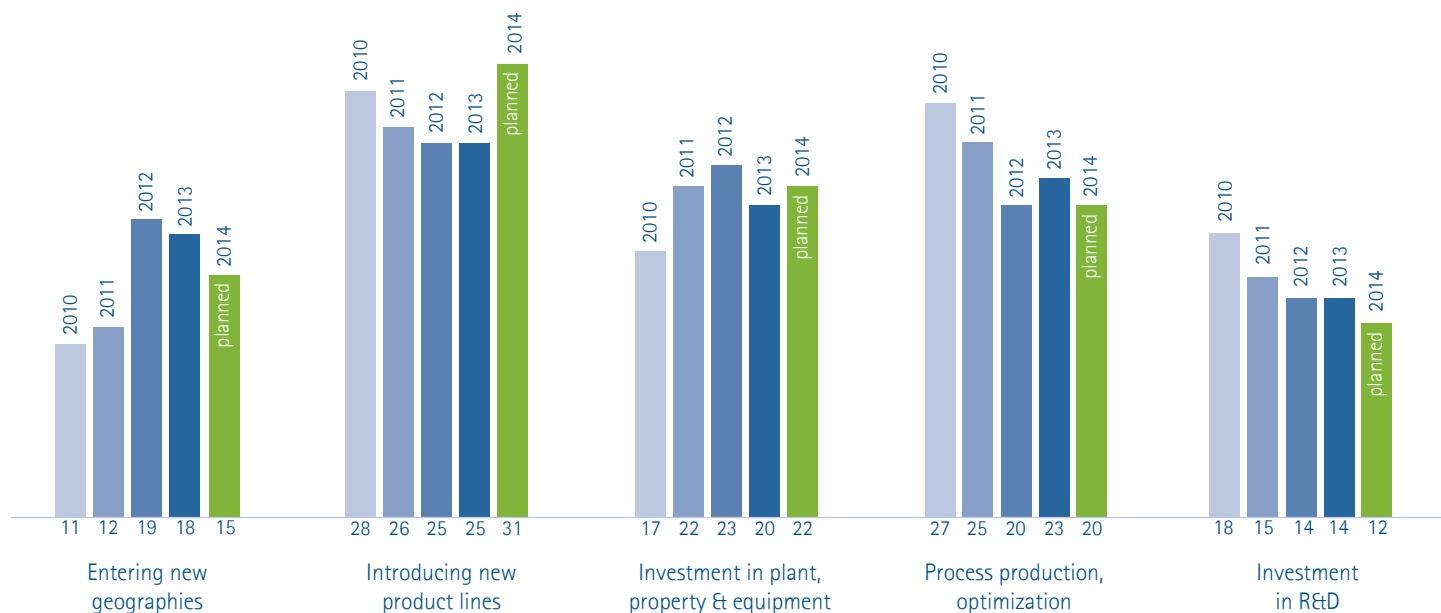


Own Business Growth Outlook¹ (%)



German companies continue to innovate - 31% plan to introduce new product lines in 2014. Half of all respondents indicated that their firms forecast a moderate-to-strong increase in capital expenditures in 2014.

Strategic Initiatives¹ (%)



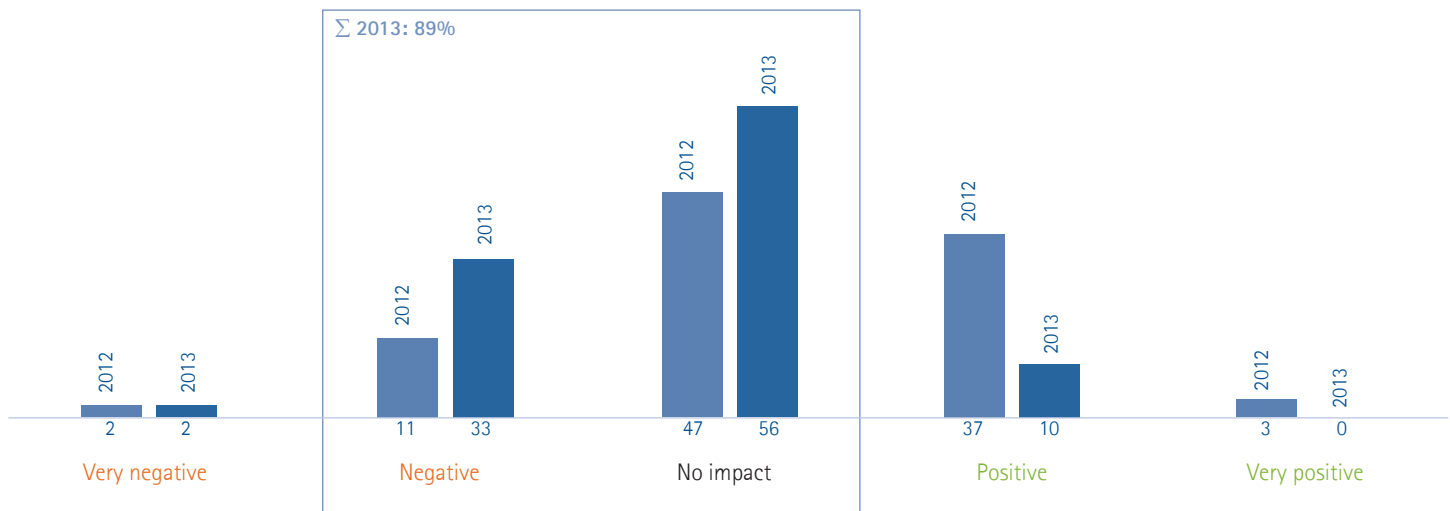
1) Multiple responses allowed, normalized results to 100%

SURVEY RESULTS

EXCHANGE RATE

Exchange rates had a negative impact for 33% of business operations, up from 11% in 2012 – a noteworthy shift from last year. A majority of respondents believe that the Euro/USD exchange rate will hold close to the current rate.

Effect of Euro/USD Exchange Rate on Business of Respondents¹ (%)



CORPORATE WISHLIST – TOP 10

Influenced by the ongoing budget discussions, U.S. government fiscal reform as well as investment in education are regarded as the most critical factors to enable sustained economic growth and restore market confidence.

Political, Economic, and Regulatory Growth Issues

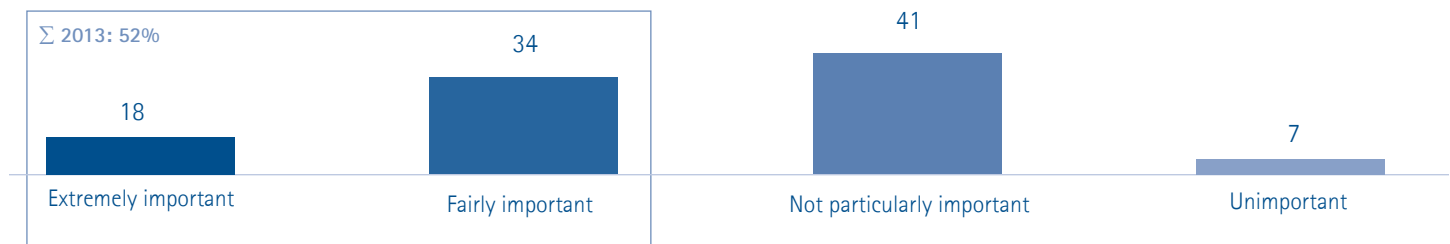
1	2	3	4	5
Very low priority	Low priority	Neutral priority	High priority	Very high priority
1	Address federal and state fiscal concerns			4.06
2	Strengthen K-12 education			3.97
3	More affordable university education			3.93
4	Simplify/reform the tax system			3.85
5	Financial incentives for companies to invest in dual training programs			3.84
6	Invest in transportation infrastructure			3.66
7	Public consulting on vocational training for companies to educate about the system			3.58
8	Easing of visa process			3.51
9	Improve grant access for R&D			3.46
10	Invest in (renewable) energy infrastructure			3.39

SURVEY RESULTS

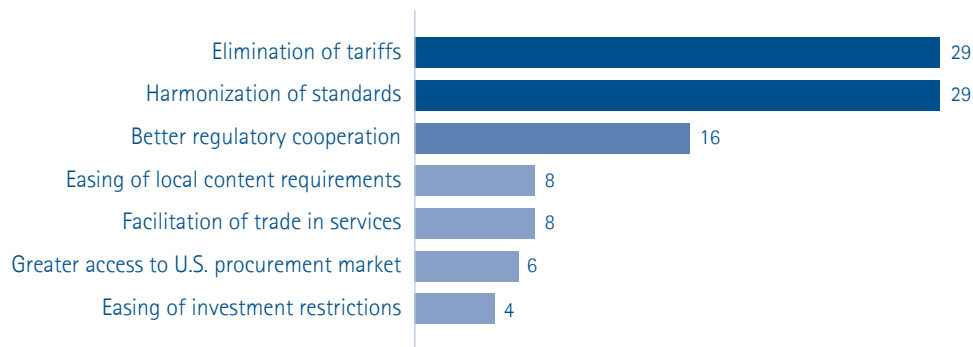
TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP

The majority of respondents believe that their firms would respond to TTIP adoption by expanding U.S. operations and increasing hiring in the U.S. The majority of respondents believe that TTIP would be either extremely or fairly important to their firm. Reduction of tariffs and compliance costs are viewed to be the most influential anticipated benefits.

Relative Importance of TTIP to Respondents (%)



Greatest Potential Benefits of TTIP (%)¹



1) Multiple responses allowed, normalized results to 100%

SURVEY RESULTS

KEY TAKEAWAYS

GERMAN AMERICAN BUSINESS OUTLOOK 2014

- *98% of respondents expect growth for their U.S. business and 95% believe the U.S. economy will expand in 2014.*
- *75% of firms intend to increase their workforce in 2014, indicating a positive economic outlook.*
- *Despite flat sales prices in 2013, 89% report unchanged or upward trends in sales volumes.*
- *German companies continue to innovate – 31% plan to introduce new product lines in 2014.*
- *Although costs have continued to rise, German-American firms have experienced top-line growth and have increased capital expenditure projects.*

CHALLENGES FOR GERMAN-AMERICAN BUSINESSES

- *As a result of the ongoing budget crisis, U.S. fiscal policy remains the most common cause of concern.*
- *Lack of skilled labor affects almost 50% of German subsidiaries. Firms believe that long-term economic value can be created through investment in education.*
- *Higher labor costs, particularly higher wages in manufacturing, pose a challenge to growth with 30% of respondents reporting worse conditions than in 2012.*
- *Euro/USD exchange rate levels had a negative impact for 33% of businesses, as compared to 11% in 2012.*



ANALYSIS

TIME FOR A NEW TRANSATLANTIC PARTNERSHIP

by Daniel S. Hamilton, Professor at Johns Hopkins University, Director of the Center for Transatlantic Relations

The world that created the transatlantic alliance is fading fast. Americans and Europeans must urgently build a robust Transatlantic Partnership that is more effective in generating economic opportunity for their citizens and companies; in dealing with new partners, especially in the emerging growth markets; and addressing transformations occurring all around them.

“*Transatlantic leaders must forge a partnership that is more strategic, dynamic and holistic than a traditional Free Trade Agreement.*”

The Transatlantic Trade and Investment Partnership (TTIP) currently under negotiation by the United States and the European Union promises to unleash significant opportunity to generate jobs, trade and investment across the Atlantic. To win the moment, however, transatlantic leaders must forge a partnership that is more strategic, dynamic and holistic than a traditional Free Trade Agreement. TTIP must harness four distinctive elements of the U.S.-EU relationship.

First, despite the rise of other powers, the U.S. and Europe remain the fulcrum of the world economy, each other's most important and profitable market and source of onshored jobs, each other's most important strategic partner, and still a potent force in the multilateral system—when they work in concert. The transatlantic economy generates \$5.3 trillion in total commercial sales a year and employs up to 15 million workers. It is the largest and wealthiest market in the world, accounting for three-quarters of global financial markets and over half of world trade. No other commercial artery is as integrated. TTIP must tap this enormous potential.

Second, the dynamic interaction between investment and trade distinguishes the transatlantic economy from all others. Only by adding trade and investment together



Daniel S. Hamilton directs Johns Hopkins University's Center for Transatlantic Relations and is an award-winning author on the transatlantic economy. He has served in senior positions in the U.S. State Department and as the first Robert Bosch Foundation Senior Diplomatic Fellow in the German Foreign Office. He has been a consultant to the Transatlantic Business Dialogue, the Business Roundtable, and a number of U.S. and European companies.

does one understand the true size and dynamism of the transatlantic economy, particularly compared to any other bilateral economic relationship either partner has in the world. Transatlantic trade barriers are relatively low; a 'trade-only' approach would be myopic and squander opportunities to generate jobs and growth that could come from removing remaining barriers to mutual investment. Common transatlantic standards on investment could become the core of global norms and help open growth markets around the world.

Third, given the relatively open U.S.-EU trading relationship and the importance of mutual investment, the most important hurdles to greater transatlantic commerce are "behind the border" regulatory differences rather than "at the border" trade barriers. TTIP must identify "essentially equivalent" regulations for mutual recognition and promote "upstream" regulatory cooperation for new technologies. Here again transatlantic agreements can form the core for broader global accords.

Fourth, the service sector is the sleeping giant of the transatlantic economy. Most American and European jobs are in the services economy, which accounts for over 70% of U.S. and EU GDP. The U.S. and EU are each other's most important com-

“*The service sector is the sleeping giant of the transatlantic economy.*”

ANALYSIS



mercial partners and major growth markets when it comes to services in trade and investment. Deep transatlantic connections in services industries, powered by mutual investment flows, are also the foundation for the global competitiveness of U.S. and European services companies. Yet protected services sectors on both sides of the Atlantic account for about 20% of combined U.S.-EU GDP – more than the protected agricultural and manufacturing sectors combined. Removing barriers in these sectors would be equivalent to 50 years' worth of GATT and WTO liberalization of trade in goods. Opening the transatlantic services market could also trigger plurilateral negotiations to include other partners.

The U.S. and EU should harness these distinctive elements of their relationship to advance an ambitious Transatlantic Trade and Investment Partnership with a three-fold agenda.

First, commit to open and renew the Transatlantic Market – not by limiting U.S.-EU ambition to yet another preferential “free trade agreement,” but by forging a more ambitious and relevant new-generation agreement, rooted in the distinctive nature and potential of the Transatlantic Partnership. Such an agreement would be grounded in essential principles of WTO-consistency, transparency, non-discrimination and essential regulatory equivalence. It would be accessible to others committed to similar goals and ground rules. It would identify coordinated strategies across a number of mutually supporting areas: eliminating all transatlantic duties on traded industrial and agricultural products; liberalizing services; removing restrictions on job-creating investments; overcoming regulatory obstacles; boosting innovation; leading the energy revolution; and encouraging the freer flow of people and talent across the transatlantic space.

Second, reposition the Transatlantic Partnership with regard to third countries to open markets and strengthen the ground rules of the international economic order. Efforts to open transatlantic markets and lift and align transatlantic standards can drive broader international cooperation. Given the size and scope of the transatlantic economy, standards negotiated by the U.S. and EU can become the benchmark for global models, reducing the likelihood that others will impose more stringent, protectionist requirements for either products or services. Mutual recognition of essentially equivalent norms and regulatory coherence across the transatlantic space, in areas ranging from consumer safety and intellectual property to investment policy and labor mobility, not only promise to improve the lives of our people but form the core of broader international norms and standards.

Third, use U.S.-EU partnership to extend the rules-based multilateral system to new areas and new members. Transatlantic market-opening initiatives in trade, clean technologies, and services could be extended to WTO members who are willing to take up the same responsibilities and obligations covered by such agreements. The U.S. and the EU should also codify and align their existing free trade agreements to boost the multilateral system. The alternative is growing protectionism, U.S.-EU rivalry in third markets, and the triumph of lowest-common-denominator standards for the health and safety of our people.

There should be no illusions about the difficulties involved in advancing this agenda. The potential payoff is high, however, and will translate into jobs and economic opportunity not only for Americans and Europeans but for billions around the world. Germany and the United States must lead this effort.

“The potential payoff is high, however, and will translate into jobs and economic opportunity not only for Americans and Europeans but for billions around the world.”

INDUSTRY PANEL

EXCLUSIVE INTERVIEWS



FLEMMING B. BJOERNSLEV (FBB)
President & CEO, LANXESS Corp.

LANXESS CORP.

U.S. HEADQUARTERS: Pittsburgh, Pennsylvania

OTHER U.S. LOCATIONS: Arkansas, New Jersey, North Carolina, Ohio, South Carolina, Texas

EMPLOYEES: U.S. ~1,000, worldwide ~17,000



CARSTEN MEYER-RACKWITZ (CMR)
President, tesa North America

TESA NORTH AMERICA

U.S./CAN HEADQUARTERS: Charlotte, North Carolina

OTHER U.S. LOCATIONS: California, Michigan

EMPLOYEES: U.S./CAN: 161, worldwide ~3,900



LUDWIG WILLISCH (LW)
President & CEO, BMW of North America

BMW OF NORTH AMERICA

U.S. HEADQUARTERS: Woodcliff Lake, New Jersey

OTHER U.S. LOCATIONS: California, Florida, Georgia, Illinois, Maryland, Mississippi, Ohio, Pennsylvania, South Carolina, Utah, Washington, Washington DC

EMPLOYEES: U.S. ~9,300, worldwide ~101,300



ROLAND ZITT (RZ)
President, MAHLE Industries, Inc.

MAHLE INDUSTRIES, INC.

U.S. HEADQUARTERS: Farmington Hills, Michigan

OTHER U.S. LOCATIONS: Arkansas, Iowa, Michigan, Mississippi, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas

EMPLOYEES: U.S. ~5,000, worldwide ~65,000



Which strategic decisions have you taken in the course of this year?

FBB: Catering to the mobility megatrend, LANXESS Corp. has strategically invested in the automotive market. We hosted our inaugural Automotive Day Detroit conference, a platform for industry thought leaders to discuss mobility, lightweighting, and green tires. As another dimension of our automotive OEM initiative, we have invested in Tech Day events, showcasing lightweight technology innovations for engineers designing next-generation vehicles. In the area of tires, we're aligning with tire manufacturers to bolster preference for high-performance tires among Americans. Additionally, LANXESS, as a Responsible Care company, has committed to the Product Safety Code, together with the American Chemistry Council, while embarking on the Xact safety program to take our already robust safety culture and propel it to become a world-class best practice.

CMR: We are continuously updating our strategic orientation. In 2013, this led to additional new focus fields and comes consequently with supporting investments in our organization.

LW: We have continued to grow the BMW Group business in the U.S. and in the Americas with new product launches and with a major push into the realm of sustainable e-mobility. We also continue to address changing customer needs by further expanding our product offering into new vehicle segments and by focusing on Customer Orientation throughout all facets of our business. At our plant in Spartanburg, SC, we have invested an additional \$6 billion since our initial \$300 million investment in the early 90s. We have now expanded the facility to the point where our annual production is over 300,000 BMWs. Today, we are proud that the BMW plant supports the local economy to the tune of \$8.8 billion per year and provides the basis for 31,000 jobs throughout South Carolina.

RZ: 2013 has been an important year for our company, as we have grown through the acquisition of the majority ownership of Behr GmbH & Co. KG, which enhances our product offering with automotive air conditioning as well as heating and cooling for lithium-ion batteries which are used in BEV (Battery Electric Vehicles) and Hybrids. We also continued our high investment in R&D and innovation in all of our core competencies. Our ten research and development hubs continue to generate considerable results, and we have facilitated direct investment and expansion of our operations.

In which way have those decisions influenced your headcount?

FBB: While these decisions have taken place with a relatively headcount neutral backdrop, LANXESS has placed great emphasis on investing in our employees. This is exemplified by such programs as our signature LANXESS Business Academy, a rigorous leadership development program with curriculum to foster leadership qualities, enhance skills, and bolster succession planning efforts.

CMR: As tesa focuses on productive and constructive business, new activity fields require investments where we expect pay off only over the years. Consequently, the strategy update led us to increase headcount.

LW: The BMW Group in the U.S. has managed its workforce to support changing and evolving priorities. For example, as we continue to expand our production capacity at our plant in SC we will continue to adjust our workforce appropriately. Today we employ over 7,000 people at our facility and produce over 300,000 vehicles, 70% of which are exported to other global markets. This facility is the second largest BMW Group manufacturing site in the world behind our plant in Dingolfing, Germany.

RZ: Talent and our human capital are among our most important assets. In the past year we have seen moderate growth in headcount as automation increases, but also changes to the prerequisites for employee skills. The

high level of technological demands most often requires in-house training.

How would you summarize your company's performance so far for this year?

FBB: For LANXESS, 2012 was a record year. This year, we have seen our global sales performance decrease by 12%, as of the Q2 earnings report. While we are coping with the difficult European economy and weakening demand in the automotive and tire industries in some areas of the world, the overarching megatrends that our portfolio of 3,000 products serve remain intact. The areas of mobility and agriculture in particular, along with the competitive energy landscape in the U.S., are especially positive for our business.

CMR: tesa tape inc has had a very successful 2013. Growth comes from all focus fields, be it automotive, the paper&film industry, or appliances. In addition, our distribution network and the economy support our growth even in the many less concentrated industries.

LW: The automotive sector in the U.S. remains strong and yet, it is competitive like never before. We have introduced more new vehicles over the course of this year which has driven sales including the expansion of our 3 Series lineup, our 4 Series Coupe and Convertible, a new X5 and also a new MINI Paceman. As a result of this approach we

anticipate that for 2013, the BMW Group will have an all-time record sales year in the U.S. and will once again be the number one premium auto manufacturer in sales, both in the Americas and in the world.

RZ: While there are still some uncertainties in the heavy duty market, our company has performed reasonably well. We have been for many years one of the leading global development partners for the automotive and engine industry as our strategic goal is to be globally in the "Top Three" in any of our core products. Our strong portfolio of unique systems competence in the combustion engine and engine peripherals has expanded even more and we are confident to build on this year's performance.

What do you perceive as the biggest challenge for your company in 2014?

FBB: One of the most significant challenges we see heading into 2014 is the gridlock in American politics and policy. As a leading specialty chemicals company, LANXESS is urging support for The Chemical Safety Improvement Act (S. 1009), which will modernize the Toxic Substances Control Act (TSCA) that has not been updated for nearly 40 years. Additionally, we echo the National Association of Manufacturers' (NAM) support of the Transatlantic Trade and Investment Partnership that addresses a broad range of bilateral trade and investment issues between the United States and the European Union. And, we see im-

migration reform as one of the most significant priorities for industry leaders and politicians to address as we look ahead.

CMR: The economic environment is still on a fragile path with a lot of unforeseeable risks all over the world. Flexibility to act and react fast and precise to those changes on a global level is an ongoing challenge. We have hired significantly more than over the last years and integration of those individuals plus the intense training program foreseen require our lean organization to go some extra miles.

LW:

- Continued hyper-competition in the marketplace with an array of compelling products for customers to choose from.
- Sustained global economic growth to ensure the financial health of all markets where we sell our products.
- Anticipating changing customer expectations that focus on increased sustainability and customer service

With that said, the BMW Group is very well positioned to meet these challenges with new products that continually raise the bar in terms of performance, aesthetics, and sustainability. We are also very well positioned in managing our business to ensure the profitability of our company and our dealers, as we have successfully done through the recent market downturn. We are also well on our way in realizing our vision of sustainable mobility with the launch of our innovative BMW i brand.

RZ: We believe that challenges are often synonymous with opportunities to run our business better. We will continue to reduce costs in order to deal with the ongoing price pressures and to remain competitive. The recent assumption of entrepreneurial leadership for Behr GmbH & Co. KG, with sales of globally approximately €3.6 billion and 17,000 employees, and in North America sales close to \$1 billion and 2,600 employees, bringing the North American headcount above 10,000 employees, will bring challenges and opportunities which will be dealt with in 2014.

What do you most appreciate about the U.S. as an investment location?

FBB: As a multi-national organization, LANXESS has operations that span the globe. Looking at the U.S., this region boasts a competitive edge for investment due to our projected long-term stable growth, the "manufacturing renaissance," and ultra-competitive energy prices we see as a result of the shale gas boom, abundant natural resources, and a skilled workforce. For LANXESS, the U.S. market is well-positioned for continued growth and investment.

CMR: We would highlight three factors: we have a team of highly motivated people, always having a can-do attitude. And we are fortunately in a position to attract enough such new talents to support our growth. Then, the business environment, from legal framework to support with

investments, is very positive for industrial production. And, finally, the outlook for the U.S. as a production hub is very positive for a long period of time ahead. Building on expected low energy costs and qualified labor, we assume the U.S. will increase its role on a worldwide scale.

LW: The U.S. is the largest premium vehicle market in the world and one of the most important markets for the BMW Group. With its relative economic health over other global markets and double-digit growth of the automotive sector, the U.S. is a significant contributor to our global sales and our profitability projections for this year. In addition to being a market of over 350,000 sales for our company, the U.S. is an important center of innovation and inspiration for the BMW Group.

Beyond supporting our sales and production goals, our investment in the U.S. also includes a much larger company foot print including 24 company locations in total. These include design, technology and engineering centers, our parts and vehicle distribution locations, training and regional sales offices, and a joint venture carbon fiber manufacturing center in Washington State. Add to this our 630 dealers and network of supplier partners and the BMW Group supports approximately 60,000 jobs in the U.S.

RZ: Above all, the ease of doing business in the United States compared to other nations in the world. Also, we feel that employee attitude is excellent and we appreciate our ability to deal with employees one-on-one with an open door policy.

TALKING POINTS

THE U.S. IS TO REMAIN AN ATTRACTIVE INVESTMENT LOCATION FOR GERMAN COMPANIES IF...

- ... the U.S. economy generates growth, boosting demand for products and services.
- ... U.S. fiscal and budgetary issues are addressed.
- ... STEM skills are fostered, starting with K-12 education.
- ... wages, especially in manufacturing, remain globally competitive.
- ... TTIP negotiations move forward with a focus on tariffs and regulatory cooperation.

GACC AWARD



For the second time, the German American Chambers of Commerce are presenting the GACC Award, recognizing outstanding German subsidiaries that demonstrate excellence in workforce training by fostering advanced skills and competence development, especially in young people.

At 7.9%, Germany has the lowest youth unemployment rate of any industrialized nation in the world. This is largely a result of the traditional German vocational training path, chosen by 55% of all school graduates.

Opportunities to gain specialized technical skills significantly improve job prospects. High-level vocational training offers students viable leads to advanced employment positions and provides companies with a powerful tool for filling workforce needs across a spectrum of specialties and positions.

Sponsored by FESTO, the **Trainer of the Year** receives the GACC Award on Dec. 16, 2013, in New York City. The ceremony is part of a presentation of the German American Business Outlook, an economic survey conducted by the German American Chamber network in Atlanta, Chicago, Detroit, Houston, New York, Philadelphia, San Francisco, and Washington, DC.

Thank you to our GACC Award Sponsor



GACC Award presented by:

Caroll H. Neubauer, Chairman & CEO, B. Braun Medical, Inc. | Chairman GACC New York
Since 1839, B. Braun has delivered innovative health care products, services, and educational programs that enhance the care and safety of patients and health care professionals in the fields of drug delivery, IV therapy, pain control, clinical nutrition, dialysis, and vascular intervention. www.bbraunusa.com

AWARD JURY 2013



THOMAS BALS

Professor of Vocational Education,
University of Osnabrück, School of
Educational and Cultural Studies;
Director, Institute for Education
Sciences, Vocational Education,
Training Research and Policy,
Osnabrück, Germany



THOMAS A. DIPRETE

Professor of Sociology,
Columbia University;
Board Director, CAPSEE (Center
for Analysis of Postsecondary
Education and Employment),
New York, NY, USA



FRIEDRICH HUBERT ESSER

President, BIBB – Federal
Institute for Vocational
Education and Training,
Bonn, Germany



KATHERINE S. NEWMAN

Dean, Krieger School
of Arts and Sciences,
Johns Hopkins University,
Baltimore, MD, USA



YORCK SIEVERS

Director, AHK Vocational
Education and Training,
DIHK – Association of
German Chambers of
Industry and Commerce,
Berlin, Germany



RICHARD ZOLLINGER

Vice President for
Learning, Central
Piedmont Community
College,
Charlotte, NC, USA

GACC AWARD

THE WINNER: Mike Bryan, Bosch Rexroth Corporation

MIKE BRYAN, Training Specialist

- 32 years as a Bosch associate
- trained 769 trainees to this date

Rexroth
Bosch Group

Bosch Rexroth Corporation
US Headquarters
14001 South Lakes Drive
Charlotte, NC 28273
www.boschrexroth-us.com



JURY STATEMENTS:

“Mike exemplifies the role of a leader in the apprenticeship movement by bringing his foresight and expertise to industries and to the community.”

When Mike Bryan was asked to design, develop, and start the Fountain Inn Apprentice Program, he had a vision for the future. He designed the program with a fabrication shop, machine shop, sign shop, and ensured its support to the engineering co-op programs. Consequently, the apprentice program is valued as a department that is a must-have support group at Bosch Rexroth: It provides trained skilled labor as well as value-added projects for the company's manufacturing groups.

Mike leads by example. He is a graduate apprentice from the Bosch Charleston apprentice program and he led that program for over 25 years before joining Bosch Rexroth in 2008. He brings a level of leadership to the apprentice program that earns him respect from the apprentices, the leadership and manufacturing associates within the plant as well as within the educational community.

Mike is actively engaged in growing STEM programs in the areas' schools. He has volunteered over 300 hours a year for 15 years to improve the educational tools for

tomorrow's workforce. For example, he started a FIRST Robotics team in a small former cotton industry mill town. The schools in Laurens County School District 55 embraced the program, and it has grown into additional FIRST teams for the middle and elementary schools. Mike is also working to improve the classroom academics from Greenville Technical College. This includes bringing the class to the Bosch Rexroth campus, improving the time apprentices spend with their families, and providing a curriculum targeted to the manufacturing groups' equipment and processes. Mike is also developing future skilled labor and engineer candidates for Bosch as well as developing Bosch Rexroth associates for leadership roles as they mentor on the team.

Part of Mike's apprentice program is dedicated to promoting change. He is constantly looking for improvement areas in order to enhance the quality of the training and the graduates. He recently added a complex project that incorporates the CNC mill, systems thinking, assembly, improvement strategies, and team work. Its main focus is to put the Bosch Production System (BPS) principles into practice – and to manage change based on BPS.

Mike is an excellent team player as well as a team leader. During his 32 years with Bosch and Bosch Rexroth, he has developed strong partnerships within the Bosch network, educational communities across the state, the FIRST teams, and various levels of federal, state, and local governments. He is often called on by these partners for support and to serve as an advisor or mentor.

Mike's vision is the long-term success of these educational areas within Bosch as well as in the communities Bosch's various facilities are located in. Through his tireless commitment, he has been able to build teams within the business community to bring additional assets and resources to schools and he gladly shares the spotlight with those business leaders. Today, he deserves this spot all to himself. Congratulations to 2013's GACC Trainer of the Year, Mike Bryan!

“The sheer scale of his work with apprentices is remarkable and his extension of these innovations to middle schools – especially in robotics – is very promising.”

“He has been an apprentice himself and has climbed the ladder – he knows the system inside out and how to improve it.”

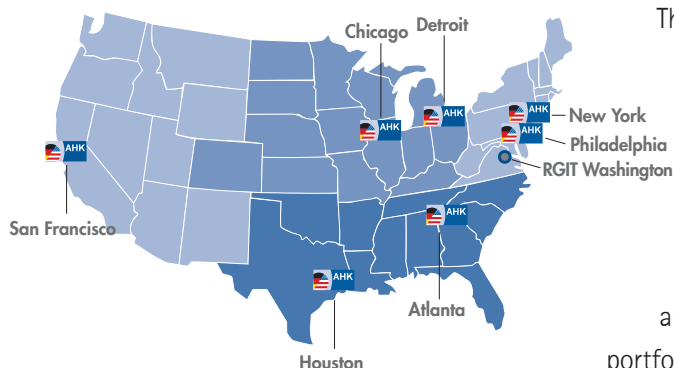
GACCs

GERMAN AMERICAN CHAMBERS OF COMMERCE



German American
Chambers of Commerce
Deutsch-Amerikanische
Handelskammern

The German American Chambers of Commerce (GACCs) in Atlanta, Chicago, Detroit, Houston, New York, Philadelphia, and San Francisco all work together under the network of the GACCs. With approximately 2,500 members and an extensive national and international business network, the GACCs offer a broad spectrum of activities and services. Other German-American organizations and chapters are affiliated with the GACCs.



The Chambers of Commerce abroad (AHKs) are closely connected to the Chambers of Industry and Commerce (IHKs) in Germany. The umbrella organization of the IHKs is the German Association of Chambers of Industry and Commerce (DIHK), which speaks for 3.6 million business enterprises in Germany and also coordinates and supports the AHKs.

The German Chamber Network (AHK) provides experience, connections, and services worldwide through 120 locations in 80 countries. The service portfolio of the AHKs is unified worldwide under the brand name DEinternational. The AHKs cooperate closely with the foreign trade and inward investment agency of the Federal Republic of Germany – Germany Trade & Invest (GTAI). www.ahk-usa.com

GACCs BOARD OF DIRECTORS



Chairman:
W. David Braun
Partner
Quarles & Brady LLP



Vice Chairman:
Carol H. Neubauer
Chairman & CEO
B. Braun Medical, Inc.



Vice Chairman:
Martin Richenhagen
Chairman, President & CEO
AGCO Corporation

Simone Pohl, President & CEO
GACC Midwest

Dietmar Rieg, President & CEO
GACC New York

Martina Stellmaszek, President & CEO
GACC South

The Representative of German Industry and Trade (RGIT) is the Washington, DC liaison office of the Federation of German Industries (BDI) and the Association of German Chambers of Industry and Commerce (DIHK). RGIT's mission is to foster free trade and a welcoming business environment on both sides of the Atlantic to achieve sustainable growth, jobs, and innovation for the German-American economic relations. Founded in 1988, RGIT is supported by Germany's Federal Ministry of Economics and Technology and serves as the voice of German Industry and Trade towards U.S. politics, American business organizations, and the general public. RGIT is part of the AHK USA network and cooperates closely with Germany Trade & Invest. www.rgit-usa.com



Dr. Thomas Zielke – President and CEO, Representative of German Industry and Trade

Thomas Zielke was appointed to the position of Representative of German Industry and Trade (President of RGIT) in January 2011. Since 2013, he also represents the Alexander von Humboldt Foundation's German Chancellor Fellowship Program in the field of business as Program Ambassador in the US. Thomas studied Law and Political Sciences in Bonn, and upon graduating at the University of Tübingen in Germany with the title of Doctor of Jurisprudence he was admitted to practice before the District Court of Düsseldorf in 1992. He joined the German Federal Ministry of Economics and Technology (BMWi) in 1993 where he promoted foreign investment into the new German federal states (the former East Germany). In 1998 he became the German Delegate to the Administrative Committee of the EU-SME Multiannual Program in Brussels. From 1997 to 1998 he was appointed as First Secretary in the German Permanent Mission to the United Nations in New York, Economic Department. From 2002 to 2008 he served at the German Ministry of Economics and Technology in Berlin as Director of Communication. In 2009, he became Director of Public Relations and Deputy Representative at RGIT Washington DC. He has authored a broad range of publications on topics ranging from trade policy to innovation initiatives and legal basis for airport use.

ROLAND BERGER

STRATEGY CONSULTANTS



Roland Berger Strategy Consultants, founded in 1967, is one of the world's leading strategy consultancies. With around 2,700 employees working in 51 offices in 36 countries worldwide, it successfully operates in all major international markets. Roland Berger Strategy Consultants advises major international industry and service companies as well as public institutions. Services cover all issues of strategic management – from strategy alignment and new business models, processes and organizational structures, to technology strategies.

Roland Berger is an independent partnership owned by around 250 partners. Its global Competence Centers specialize in specific industries or functional issues. Interdisciplinary teams are handpicked from these Competence Centers to devise tailor-made solutions. At Roland Berger, consultants develop customized, creative strategies together with their clients. Providing support in the implementation phase is particularly important, because that's how real value for clients is created. The firm's approach is based on the entrepreneurial character and individuality of its consultants – "It's character that creates impact."

SURVEY PRESENTATION:

Marc Winterhoff is Senior Partner and head of the North American Automotive Practice of Roland Berger. Winterhoff studied electronic engineering and business in Darmstadt, and started his career in the software industry in the United States. He then worked for Arthur D. Little for over 11 years, focusing on the automotive industry. In 2007 he became head of the company's European automotive business and in 2010 was appointed Global Head of Automotive. He has worked extensively for most of the leading European premium and volume car manufacturers on key strategic topics. His functional focus is on sales and marketing, business model innovation, and future of mobility. He joined Roland Berger in October 2011 and took over his responsibility for the North American automotive market beginning January 2012. www.rolandberger.us



SPONSORS

Event Sponsorship:



AGCO is a global leader focused on the design, manufacture and distribution of agricultural machinery. AGCO supports more productive farming through a full line of tractors, combines, hay tools, sprayers, forage equipment, tillage, implements, grain storage and protein production systems, as well as related replacement parts. AGCO products are sold through five core brands, Challenger®, Fendt®, GSI®, Massey Ferguson® and Valtra® and are distributed globally through 3,150 independent dealers and distributors in more than 140 countries worldwide.

AGCO CORPORATION
4205 River Green Parkway
Duluth, GA 30096
Tel: (770) 813-6145
Fax: (770) 813-6158
www.agcocorp.com

Event Sponsorship:



COMMERZBANK is a strong universal bank that combines financial experience and high-quality advisory services – with a clear commitment to the German market and Mittelstand enterprises. As a strategic partner and competent financial services provider, Commerzbank offers private corporations and the public sector in-depth sector knowledge, wide-ranging product expertise, and an ability to develop innovative solutions tailored to the requirements of the individual client.

COMMERZBANK AG
New York Branch
2 World Financial Center
New York, NY 10281
Tel: (212) 266-7200
Fax: (212) 266-7235
www.commerzbank.com

Award Sponsorship:



FESTO produces pneumatic and electronic components, systems, industrial programmable controllers, training programs in industrial control technologies. **Festo Didactic** – Worldwide leader in professional, industry-oriented qualification solutions for process and factory automation. **Learning Systems:** From technology oriented training packages to learning factories, software, teachware, and fully equipped turnkey learning centers for schools and universities. **Training and Consulting:** Approx. 42,000 course participants per year attend more than 2,900 courses.

FESTO CORPORATION/
FESTO DIDACTIC
395 Moreland Road
Hauppauge, NY 11788
Tel: (631) 404-3133
Fax: (631) 435-0396
www.festo.com
www.festo-didactic.com



WWW.AHK-USA.COM/GABO

Event Sponsorship:



Award Sponsorship:

