

# GERMAN AMERICAN TRADE

JAN/FEB 2013

## New GACC Award "Trainee of the Year"

...and the Winner is:



**Welder & Mechanical Engineering Trainee  
Christina Chadwick of Bauer Foundation Corp.**



**German American Business Outlook**  
Annual Survey among German Firms in the U.S.

**GACCs' Highlights of 2012**

**Welcome to the C-Suite:  
Thomas Ginschel, President  
Hettich America**

Jan/Feb 2013 • Vol. 24 • No. 1 • \$5.00



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## 2013 looks to be a successful year for German business in the U.S.

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

"German Firms Bullish About 2013 U.S. Market" – that is the headline of the German American Business Outlook 2013 presented at the Bloomberg Headquarters in New York City on December 3rd. The annual presentation of the survey, which the German American Chambers of Commerce conduct together with the RGIT and Roland Berger Strategy Consultants, once again emphasized the importance of the U.S. marketplace as an investment location for German firms. The majority of firms will focus on expansion, innovation, and growth – 86% of surveyed SMEs plan to add jobs in the year ahead.

This result shows once more that skilled workforce continues to be a crucial issue for growth. This is why the German American Chambers of Commerce introduced the GACC Award "Trainee of the Year". Congratulations to Welder & Mechanical Engineering Trainee Christina Chadwick (18) of Bauer Foundation Corp., who was named "Trainee of the Year" by a jury of five vocational training experts. The GACCs work with their partners in business and politics to develop innovative vocational training systems to address key skill shortages in the U.S. so German-American business and investment keeps flourishing.

The confident business outlook is not the only reason to celebrate in 2013: For its 50th anniversary year, the



*Simone Pohl  
President & CEO, German American  
Chamber of Commerce of the Midwest*

German American Chamber of Commerce of the Midwest will look back on 50 successful years as a powerful player in the German-American business community. Throughout its anniversary year, GACCofM will host numerous high-class events in the U.S. and Germany, such as the Economic Forum with Dr. Volker Treier (Deputy CEO of DIHK), a brand new half-day conference with the MERLIN Awards Gala with Dr. Martin Wansleben (CEO of DIHK), the Chicago Hamburg Business Forum, and many more. We hope to see you at our anniversary events and wish you a successful New Year!

Sincerely

Simone Pohl

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### **The Skills Initiative in Ohio**

Ambassador Peter Ammon recently met with Ohio Governor John Kasich in the state's capital of Columbus to take part in an important discussion about workforce development. The German American Chamber of Commerce of the Midwest, leaders of German businesses, representatives from government and high-ranking representatives in education were also on hand to discuss how Ohio is fostering its citizens' education and training and how that translates to a better workforce. The goals of the meeting were three-fold: to hold an off-the-record conversation on Ohio's workforce challenges and opportunities; to get actual feedback on how to make Ohio's workforce even stronger through applying German-honed techniques; and to foster closer collaboration between businesses based in Ohio and local technical training providers.

>> [www.germany.info](http://www.germany.info)

### **German Firms Invest in Generating Own Energy**

An increasing number of German companies are in the process of decreasing their dependency on external energy suppliers by generating energy themselves. They're wary of the government's current course. "Every third company in the country is making efforts to generate conventional or renewable energy for their operations," DIHK President Hans Heinrich Driftmann told the newspaper Frankfurter Allgemeine Zeitung. German carmaker Volkswagen, for example, already generates more than half of its energy needs itself and announced plans to decrease dependency on external providers further in the years ahead.

>> [www.dw.de](http://www.dw.de)

### **German Exports Expected to Rise Further**

The Federation of German Industry (BDI) said that Europe's biggest economy will be able to uphold its share of global trade through expanding export volumes in 2013. "German exports this year are surpassing our expectations," BDI Managing Director Markus Kerbel said during the presentation of the federation's latest foreign trade report in Berlin. "Exports will rise by 4 percent this year and by at least another 3 percent in 2013."

>> [www.dw.de](http://www.dw.de)

### **German Power Grid Needs \$55 Billion Investment**

Germany's power lines may require investment of EUR42.5 billion (\$55 billion) by 2030 to cope with extra renewable-energy generators feeding electricity into the network, according to state-owned energy agency Dena. Distribution grids will have to expand by 193,000 kilometers (120,000 miles), while 25,000 kilometers of current lines will need upgrades if the share of renewables in Germany's energy mix rises to 82 percent from 26 percent. Dena cited a study it compiled with regional grid operators.

>> [www.businessweek.com](http://www.businessweek.com)

### **EU Clears Whirlpool to Purchase German Kitchen Maker Alno**

U.S. appliance maker Whirlpool secured EU regulatory approval to acquire a controlling stake in Germany's second-largest largest kitchen manufacturer Alno. The European Commission, which acts as the competition watchdog for the 27 member states, said market analysis had shown there was sufficient competition in the markets for kitchen furniture and domestic appliances.

>> [www.reuters.com](http://www.reuters.com)



### Manufacturing in New York Area Shrinks More Than Forecast

Manufacturing in the New York region shrank for a fifth straight month in December, while an increase in optimism about the next six months signals factories are poised to rebound should the federal government resolve its impasse over fiscal policy. The Federal Reserve Bank of New York's general economic index dropped to minus 8.1 from minus 5.2 in November. Economists monitor the gauge and other regional releases for clues about the direction of U.S. manufacturing. Readings of less than zero signal contraction in New York, northern New Jersey and southern Connecticut.

>> [www.bloomberg.com](http://www.bloomberg.com)

### Bloomberg May Still Have His Eye on the Financial Times

Rumors about Bloomberg buying the Financial Times Group, including the paper and a half interest in The Economist, have been circulating for months, and now three people close to Mayor Bloomberg tell the New York Times that he's still seriously considering making a bid for the company. The mayor has made no secret of his affection for the Financial Times. He seems unusually well-versed in the paper's circulation figures; however, he's concerned that it might be an unwise investment. It's believed that the paper loses money. Also complicating Bloomberg's decision: It's unclear if the company is actually for sale.

>> [www.nymag.com](http://www.nymag.com)

### Breaking Out of Germany's Stodgy Beer Traditions

Germany is famous for its beer, but centuries-old traditions have put it well behind the U.S. and other countries at the forefront of beer experimentation. Thanks to changing consumer tastes and some maverick brewers, though, the country is slowly catching up. German brewers are bound by regulations based on centuries-old restrictions known as the Reinheitsgebot, or purity law, on what can go into beer. And though these rules have cemented Germany's reputation for high-quality beer, the tradition has also hampered the sort of experimentation taking place at breweries in America and elsewhere in Europe.

>> [www.spiegel.de](http://www.spiegel.de)



Exclusive cartoon for German American Trade by Heiko Sakurai [www.sakurai-cartoons.de](http://www.sakurai-cartoons.de)

### Belectric Plans Organic PV Production in Germany

Following Belectric's takeover of Konarka Technologies GmbH, the company headquartered in Nuremberg, Germany, plans to set up organic photovoltaic (OPV) production facilities in Germany in the coming months. It was announced on October 22 that the company had acquired the German subsidiary of U.S.-based OPV manufacturer Konarka Technologies Inc. Currently, the Nuremberg OPV site has no production facilities, and the German subsidiary had focused on R&D and distribution of Konarka's Power Plastic products. Plans to establish production are now in the planning.

>> [www.pv-magazine.com](http://www.pv-magazine.com)

### The Seven Companies That Power Germany's Amazing Economy

So far, the economy of Germany is the only one in Europe that has dodged recession, or a reasonable projection of one. Among the causes of its strength are an unemployment rate that is the envy of most of the developed world at just above 5%. Its nominal gross domestic product is \$3.6 trillion and still growing, albeit slowly. Germany is unique economically in terms of the companies that are the engines of its GDP. Each company is a major exporter, or has large operations overseas, and an exporter of goods and services that still enjoys demand around the world.

>> [www.247wallst.com](http://www.247wallst.com)

### Leo Baeck Institute Launches Free Digital Archive

Leo Baeck Institute (LBI), the premiere research library and archive devoted exclusively to documenting the history of German-speaking Jewry, has completed the digitization of its entire archive, which now provides free online access to primary source materials encompassing five centuries of Jewish life in Central Europe. DigiBaeck, the new online archive, will enable free access to more than 3.5 million pages of material that encompasses rare books, photographs, artwork, letters, memoirs and ephemera documenting the culture and achievements of German-speaking Jewry.

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## German Government Launches App Platform

Have you ever wondered where you could visit Germany's oldest trees? Or wanted to follow in the footsteps of the "fairy tale king" Ludwig II? Or how about getting a run down of the weapons systems used by the German army? At govapps.de, a new app directory created by the German government, you can find all these and more. The directory was designed in order to create a central place where Germany-related apps could be browsed and downloaded.

>> [www.germany.info](http://www.germany.info)

## U.S. to Increase Investments Into Industrial Energy Efficiency

The Obama Administration plans to simplify and increase investments into industrial energy efficiency. The current focus is especially on the cogeneration of heat and power. The goal is to develop and expand the capacity of this type of cogeneration by 40 GW by the year 2020. This could shave about 1% off the overall U.S. energy consumption. According to a forecast, energy consumption of the industry sector will increase by 0.6% between 2010 and 2035 on average.

>> [www.gtai.de](http://www.gtai.de)

## Springfield, OH Good Fit For MEVA Formwork Systems

German-based MEVA Formwork Systems, which manufactures, rents and sells formwork products in the concrete construction industry, announced a \$2.5 million expansion at its North American Headquarters in Springfield, Ohio. The expansion will bring 15 new jobs that pay around \$42,000 a year over three years. Covering major markets like Chicago, Toronto, Nashville, Cincinnati, Baltimore and St. Louis, the German company chose Springfield as its headquarters for its central location.

>> [www.springfieldnewssun.com](http://www.springfieldnewssun.com)

## Freudenberg Acquires Med-Venture Technology

Germany's Freudenberg Group is acquiring MedVenture Technology Corporation, an American company headquartered in Jeffersonville, Indiana, as part of its expansion strategy. The corporation is one of the leading designers and manufacturers of medical technology solutions for minimally invasive surgical devices. MedVenture Technology currently employs 260 associates. According to the group, this acquisition was a logical step towards strengthening Freudenberg's growth in medical technology.

>> [www.sacbee.com](http://www.sacbee.com)

## VW Mulls New Midsize SUV for North America

German automaker Volkswagen AG is considering the introduction of a new midsize SUV for the North American market, and its existing Tennessee plant is a contender for building it. Volkswagen CEO Martin Winterkorn told reporters in New York that a decision on whether to build the new model will be made soon, but probably not before the end of the year. The company's \$1 billion Chattanooga plant is expected to build 180,000 vehicles next year and has a maximum capacity of 220,000 in its current configuration.

>> [www.cbsnews.com](http://www.cbsnews.com)

## Dynamic U.S.-Demand for In-Vitro Diagnostics

The demand for in-vitro diagnostics is said to increase in the U.S. between 2013 and 2016 by about 6% on average to some \$25 billion. Especially the demand for molecular diagnostics products is likely to grow substantially. Due to the progressive aging of the population, the main drivers for this growth are a higher volume in patient care, a growing number of new diseases as well as the health reform.

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#### GERMAN & AMERICAN STATS & FACTS

	U.S.	GER
Number of <b>teenage pregnancies</b> per 1,000 girls in '06	41.9	10.1
Retail sales of <b>beer</b> , liters per head of population in '09	60.6	66.9
<b>Cinema visits</b> per head '09	4.5	1.6
Number of <b>cars</b> per 1,000 population in '09	435	502
<b>Hospital beds</b> per 1,000 population	3.1	8.2

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# German Firms Bullish about 2013 U.S. Market,

## Despite Fiscal Cliff Uncertainties and Eurozone Worries

By Jasmin Welter, GACCoM

"The U.S. is not only a huge market; there are also **incredible production advantages**, such as the low energy costs."

— Linda Mayer, President & CEO, Schott North America

The German American Business Outlook 2013 discovered that German companies in the United States had a successful business year 2012 and look optimistically toward 2013. As in the previous years, our survey partner Roland Berger Strategy Consultants presented the impressive survey results in New York City, this time at the Bloomberg Headquarters. Bloomberg, well known for delivering quick, reliable financial data, was the perfect venue sponsor for unveiling the optimistic business outlook in a unique environment, bringing together influential decision makers, dynamic business representatives, and press alike.

"The transatlantic marketplace is still the most important global market," said Busso von Alvensleben, the German Consul General in New York in his keynote speech. Following the presentation of the survey results by Antonio Benecchi (Partner, Roland Berger), four representatives of German businesses in the U.S. joined moderator Martin Richenhagen (Chairman, President, and CEO, AGCO) on stage to discuss the study's findings: Linda Mayer (President & CEO, Schott North America), Jörg Klisch (Vice President, Tognum America), Dr. Walter Maisel (President & CEO, KOSTAL North America), and Dr. Thomas Zielke (President & CEO, RGIT). Even though the panelists' industries and the challenges they face differ, all were convinced that the U.S. will continue to attract further businesses to enter the American market in 2013.

This confidence in the U.S. market was mirrored in the survey results. With a response rate of roughly 12% of the 1,900 contacted companies,

*Jörg Klisch, Vice President, North America Operations, Tognum America Inc.; Dr. Walter Maisel, President & CEO, KOSTAL North America; Martin Richenhagen, Chairman, President & CEO AGCO Corp. (Moderator & Chairman GACC South); Linda Mayer, President & CEO, Schott North America; Dr. Thomas Zielke, President & CEO, RGIT USA - Representative of German Industry and Trade.*







Dr. Michael Blank, Acting President  
& Treasurer, German American  
Chamber of Commerce New York

the survey's participation rate also increased – a sign that German subsidiaries in the U.S. value the annual survey as much as the international press. Even though 2012 stayed slightly behind expectations, German companies are bullish about 2013: 95% of the firms expect growth for their own business in 2013, outpacing the growth of the U.S. economy, which is anticipated to grow by 87%.

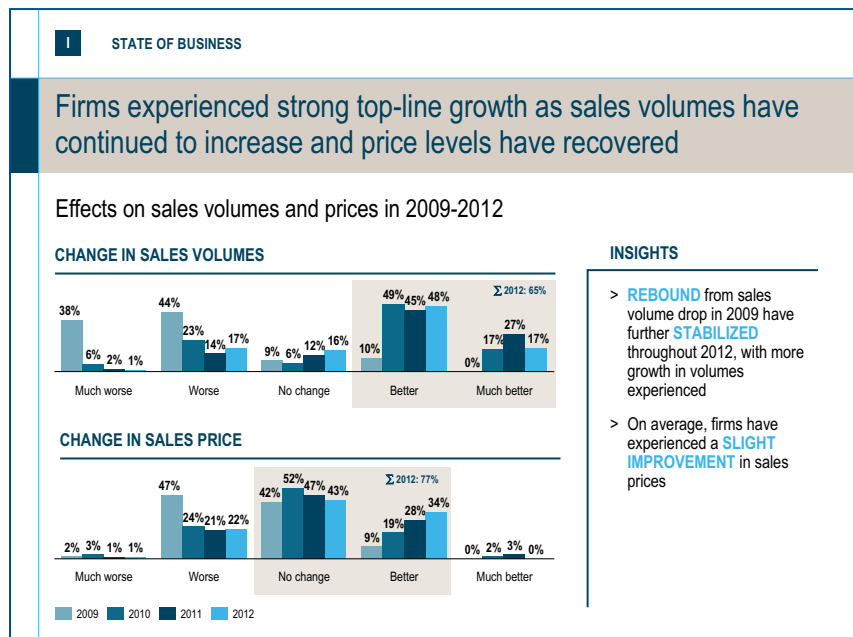
### Sales volumes and headcounts growing

The companies' positive outlook of being well positioned will most likely create new jobs in the year to come: 76% of all companies are planning to hire in 2013. Small and medium-sized enterprises are the clear driver of headcount growth, as 86% of SMEs plan to add employees. In times of still relatively high unemployment and a lack of skilled labor in the U.S., these numbers clearly indicate that German-American business is on the rise.

Even though 2012 stayed slightly behind expectations, 65% of the surveyed firms reported an increase in sales volumes after the volume drop in the course of the economic crisis. Despite all economic uncer

"In order to address a training gap we discovered in our community, Tognum America established a new apprenticeship program in partnership with the high schools and community college near the MTU Aiken Plant."

– **Jörg Klisch**, Vice President, North America Operations, Tognum America Inc.



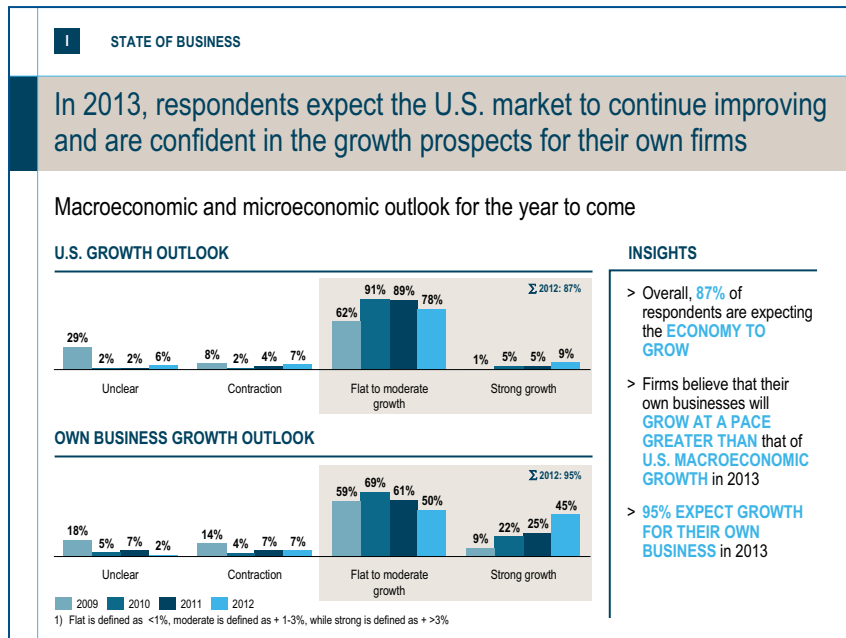
## German American Business Outlook Annual Survey among German Firms in the U.S.

### What is the German American Business Outlook?

The German American Business Outlook is a survey annually conducted by the German American Chambers of Commerce (GACCs), the Representative of German Industry & Trade (RGIT), and Roland Berger Strategy Consultants. Every year, the headquarters of German subsidiaries in the U.S. are asked about their projections for the

coming year, their opinion about potential business opportunities, the current state of the American economy from a transatlantic perspective, and the U.S. as an investment location. The study provides all participating companies with the chance to publicly speak out about their success, challenges, and opportunities.

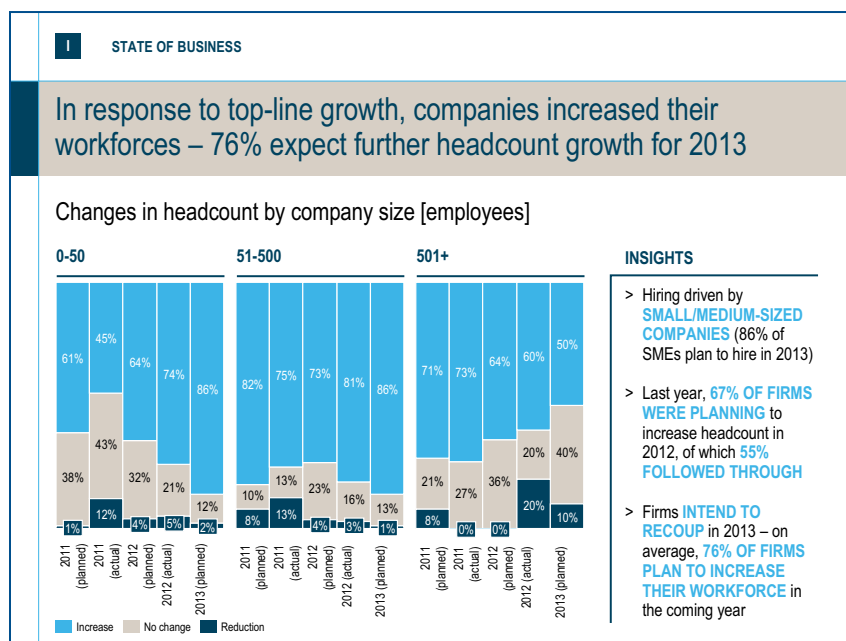
"There is a tangible positive development for our business, as we profit from the comeback of the U.S. automobile industry and the pent up demand that has been built up over the last years."  
**– Dr. Walter Maisel**, President & CEO, KOSTAL North America



tainties, firms also reported fairly stable financing conditions and the majority aims at implementing strategies for growth, expansion, and innovation, e.g. by introducing new product lines, and optimizing processes.

### Improving the competitiveness of the U.S.

When asked which economic and political measures would most improve the competitiveness of the United States in the long term, respondents agreed that addressing federal and state fiscal concerns to reform the tax system should have first priority. Another issue that has dominated debates in the last years is skilled labor. Respondents indicated that the development of an educated workforce is critical for future growth. After the presidential election, firms are equipped with a strong belief in the new administration's focus on economic improvement in the U.S. The new administration is especially expected to show greater political commitment to the stabilization of the U.S. economy and the negotiation of a transatlantic trade agreement. Such an agreement would further spur transatlantic trade by eliminating existing tariff and non-tariff barriers, and by harmonizing standards and regulations.





# Bloomberg

Comparable to previous years, the survey results demonstrate the good and profitable cooperation between the U.S. and Germany, which serves as a powerful engine for both countries' economies in these challenging economic times. The GACCs, RGIT, and Roland Berger thank all participants of the German-American business community for taking part in the survey and look forward to another year of successful transatlantic business relations. ■

"We're convinced that the U.S. will remain a **first class investment location** for German enterprises." – Dr. Thomas Zielke, Representative of German Industry and Trade

## Results of the German American Business Outlook 2013

The complete study results, pictures, and press materials can be downloaded at

>> [www.ahk-usa.com/gabo](http://www.ahk-usa.com/gabo)

### II CHALLENGES NEXT YEAR

Propositions to increase long-term U.S. economic competitiveness have centered on fiscal policy and workforce education

#### Political/economic measures

MEASURES	IMPORTANCE [1 to 5] <sup>1)</sup>	INSIGHTS
Address federal and state fiscal concerns	3.9	> German-American firms believe that long-term economic value can be created through <b>INVESTING IN EDUCATION</b>
Strengthen K-12 education	3.8	
Financial incentives for training	3.8	> Addressing <b>U.S. FISCAL CONCERNS</b> and <b>TAX REFORM</b> are believed to help restore market confidence and <b>IMPROVE LONG-RUN ECONOMIC GROWTH</b> potential
Public consulting on vocational training	3.8	
Simplify/reform tax system	3.7	
More affordable university education	3.7	
Invest in transportation infrastructure	3.5	
Improve grant access for R&D programs	3.5	
Easing of Visa process	3.5	
Invest in renewable energy infrastructure	3.4	
Relaxing immigration barriers	3.4	
Uniform vocational training on state level	3.3	

1) 1 = least important, 5 = most important



# New GACC Award “Trainee of the Year”

Welder & Mechanical Engineering  
Trainee Christina Chadwick (18)  
of Bauer Foundation Corp., nominated

*By Nicola Michels, GACC New York*



**T**he German American Chambers of Commerce honored Florida's Christina Chadwick with their first “Trainee of the Year” award during their annual German American Business Outlook conference in New York City.

With 7.9%, Germany has one of the lowest youth unemployment rate of any industrialized nation in the world largely due to its traditional apprenticeship model, followed by almost 60% of all German school

graduates. Combating the need of STEM skilled workers in the U.S., many German subsidiaries have established vocational training programs, often in cooperation with local technical or community colleges. Examples of German companies include Siemens in North Carolina, Stihl in Virginia Beach, Bekum America Corporation in Michigan or the big German automakers Volkswagen, Mercedes and BMW with their manufacturing plants throughout the Southern United States.

By winning the award, Christina has underscored the efforts of German subsidiaries demonstrating excellence in building the future workforce. Christina was nominated by her employer Bauer Foundation Corp, which is based in Odessa, Florida. The company is a U.S. subsidiary of BAUER Group based in Schrobenhausen, Germany, a world-wide operating foundation contractor, designer and builder of foundation equipment. ■

*Katherine S. Newman,  
GACC Award juror and Award winner  
Christina Chadwick at the ceremony on  
Dec 3, 2012 at Bloomberg*





"We applied the same criteria to our selection which make the German model so successful and attractive: The early introduction of trainees to the complexity of the work they are training for, the fact that they are remunerated, the duration of training, the program's standardization, a helpful separation of work and learning spaces, the provision of a designated trainer and of course the pathway to a final certification that is transferable and widely recognized." – **Katherine S. Newman**, GACC Award juror and Dean of the Arts and Sciences at Johns Hopkins University in Baltimore.



# Lufthansa

Sponsored by Lufthansa and Festo, the finalist wins a one week roundtrip to Berlin, the German capital, to experience a customized program of cultural and historical highlights organized by the German American Chambers.



## Jury for the GACC Award "Trainee of the Year"



**Thomas A. Diprete,**  
Professor of Sociology,  
Columbia University,  
Board Director, CAPSEE  
(Center for Analysis of  
Postsecondary Education  
and Employment),  
New York, 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 Univer-  
sity, Baltimore, 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,  
North Carolina

# Interview with Christina Chadwick, Winner of GACCs' Award "Trainee of the Year"

**GAT:** How did you become a trainee at Bauer Foundations Corp.?

**Christina Chadwick (CC):** I was very fortunate to be selected for an internship position with Bauer as they were a local company that offered the traditional German vocational apprenticeship model which is known to be the best in the world. I studied in the various departments at Bauer and found my passion working in the mechanic and weld shop.

**GAT:** Was it not difficult at first, especially as a young woman, to do hard manual labor such as welding?

**CC:** The shop workers and welders were highly skeptical when they met their first female intern. But, they soon realized the benefit of having a smaller sized person available to actually climb into the construction equipment to make repairs. As my skills with tools and machines grew, I noticed there were jobs like this waiting for me



when I arrived at work. As my confidence grew, I realized that I had earned the respect of the other workers. I also learned the value of great teamwork and the importance of good communication.

**GAT:** Did the training give you a new perspective for your career plans?

**CC:** My career goals became so much more evident through the process of training here that I am now focused on pursuing mechanical engineering in my future career. When I was given the opportunity to learn to weld, I never thought that it would be something that I would enjoy so much. I gained a deep appreciation for this specialized skill set. I have been able to apply my skills to other areas such as my high school robotics team, where I have become a mentor for younger students. I am very appreciative of the opportunities that I have been given. ■

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# Anything but Dirty – 21st Century Manufacturing Jobs

## Pfaff Molds LP

by Mike Birkle, President, Pfaff Molds

**L**ocated in Charlotte, NC, Pfaff Molds LP has been serving the North American market since 1998. The company manufactures EPDM and TPE injection molds for the automotive industry with a specific focus on seals for doors, windows and convertible tops of cars, SUVs and pickup trucks.

The currently 23 employees provide products and services to customer facilities in the USA, Canada and Mexico. Within its industry, Pfaff Molds is regarded as the leader in quality, technology and innovation. High integration with the parent company in Roethenbach, Germany, ensures that adequate resources are assigned that also meet customer requirements regarding lead-times and on-site support. Project managers at Pfaff Molds who

are assigned to specific customers are the single point of contact for all commercial and technical aspects of a project or order. They are directly involved from the initial inquiry to the delivery of the molds to the customer and are also the after-sales contact for service, spare parts and engineering changes.

The sharing of resources between the USA and Germany facilities covers all areas within a given project from mold design through part manufacturing to mold assembly and testing/ mold approvals with the customer. To achieve this with maximum efficiency, Pfaff Molds uses the exact same equipment and software across its facilities from the CATIA design software to the milling machines all the way to the same brand of endmills and hand tools. This way, e.g. a mold

part originally made in Germany can be reproduced immediately at the USA facility to the same tolerances without the need to re-write machining codes or to adapt manufacturing processes.

The continuing globalization within the automotive industry has led to growing competition from mold makers in so-called low cost countries in Asia, but has also increased the demand for molds as car manufacturers have opened additional assembly plants in Asia and South America. Staying competitive in this environment has driven Pfaff Molds to continuously improve their internal processes. Expanding “lights-out” manufacturing where machines run unsupervised during the night and through weekends is an important component to increase efficiency but it also requires highly trained and skilled employees.

In Germany, the backbone of developing such a workforce has always been the training of apprentices. This is why, in 2008, Pfaff Molds joined Apprenticeship2000. This partnership of currently 8 companies (Ameritech Die & Mold, Blum Inc., Chiron, Daetwyler, Sarstedt, Siemens Energy, Timken) in the Charlotte region offers on-the-job training similar to the vocational training system in Germany. Participants in Apprenticeship2000 receive hands-on training at the

*At Pfaff Molds, each mold is custom designed according to detailed project specifications using CATIA V5 software*





# **PFAFF** **MOLDS – USA**

company while also attending classes at the local community college. After 4 years, graduates receive Journeyman's degrees from the U.S. and NC Department of Labor, an Associate's degree in Mechatronics and a guaranteed job with a starting pay of \$34,000 plus benefits. The investment of approx. \$150,000 per apprentice is paying dividends to the company according to President Mike Birkle because "it allows us to train and develop our future workforce based on the specific needs of our company and

to generate loyalty towards the company." A retention rate of greater than 85% 5 years after graduation among the partnership companies certainly proves that point.

Listening closely to changing and developing customer demands, continuous improvements of internal process and in-house development of a highly skilled work force will remain the three pillars of the success and future growth of Pfaff Molds. ■

"It allows us to train and develop our future workforce **based on the specific needs** of our company and to generate loyalty towards the company."

– President Mike Birkle,  
Pfaff Molds LP



*The final step, mold testing and approval together with our customers*



*Complex glass encapsulation mold with multiple slides*



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*Apprentice training is the single most important component of workforce development at Pfaff Molds*

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# GACC Highlights of 2012

## New Year's Reception 2012

January 17, 2012

Harvard Club  
New York, NY

The GACC New York welcomed the New Year with over 150 members and guests by hosting its annual New Year's Reception and Luncheon at the Harvard Club. This year's keynote speaker and special guest was German Ambassador to the U.S. Peter Ammon.



*New Year's Reception 2012 at the Harvard Club*



*Food industry experts give insights during a roundtable at the GACC South office*

## Annual Economic Forum

January 26, 2012

Hilton Rosemont  
Chicago O'Hare  
Rosemont, IL

The German American Chambers of Commerce in conjunction with the Representative of German Industry and Trade (RGIT) presented the Annual Economic Forum 2012 in Chicago. On this occasion, top executives and economists came together to discuss and share their views on the year ahead in the German American business world. The successful forum

was opened by W. David Braun, Chairman of the GACCoM Board of Directors, and moderated by Michael Backfisch (Middle East Correspondent). It featured expert presentations by Gerhard Kiewel, Vice President, Volkswagen Group of America, Inc., Norbert G. Riedel, Corporate Vice President and Chief Science & Innovation Officer, Baxter International, Inc, Prof. Dr. Joachim Scheide, Head Forecasting Center and Research Economist, The Kiel Institute for the World Economy, as well as Diane Swonk, Chief Economist, Mesirow Financial.



*Annual Economic Forum 2012*

## Baked Goods and Pasta Business Delegation

February 6-10, 2012

Atlanta, GA

From February 6-10, the German American Chamber of Commerce hosted four German food companies on their trip to Atlanta to explore business opportunities in the U.S.. During the business trip, sponsored by the German Federal Ministry of Food, Agriculture and Consumer Protection, the companies participated in expert roundtables to gain knowledge on the U.S. markets and network with German companies who have already established a presence within the region.

Throughout the delegation, the businesses improved their understanding for the product presentation, retail pricing, as well as differences in the taste of products and the perception of food products in the U.S. from actual U.S. consumers. Moreover, the German professionals gained the opportunity to meet potential importers, freight forwarders, consultants, brokers and distributors.



## International Business Networking Reception with the Governor of Delaware Jack Markell

February 23, 2012

Delaware Center for the Contemporary Arts, Wilmington, DE

The approx. 200 guests of the reception included leading figures from international business, academia and diplomatic communities in the Greater Philadelphia Region. Governor Markell made a few remarks about the thriving State of Delaware and its appeal to the international community. The Governor encouraged businesses and investors to continue their

partnerships with Delaware as this growing state promises to become one of the most prominent on the East Coast for international business development.

The event was hosted by the Delaware Center for the Contemporary Arts, where guests could enjoy its remarkable pieces of fine art while expanding their networks.

## European-American Economic Forum

March 7, 2012

Union League Club  
New York, NY

For the first time, the GACC New York together with the European-American Chamber of Commerce in the United States, Inc. organized the European-American Economic Forum. The animated discussion centered on the topic "Currencies, Credit Ratings, and the Crisis:

Facing the Power of the Markets." The panel consisted of John Chambers, Managing Director at Standard & Poor's Rating Services; Alberto Cribiore, Vice Chairman at Citibank; Yves-André Istel, Senior Advisor at Rothschild; Jared Marks, Principal, Taconic Capital Advisors, LP; Dietmar Rieg, General Manager at BayernLB New York Branch. The discussion was moderated by Justin Fox, Editorial Director of Harvard Business Review.

## Solar Energy Business Delegation

March 14 – 16, 2012

University of Colorado Boulder  
Denver, CO

After installing a record breaking 7.5GW of new solar power generation in 2011, Germany remains the largest national market for solar installation in the world. Germany has long been a pioneer in solar energy technologies; its high-quality, advanced technology is used around the world to generate energy from sunlight.



In March 2012, GACCoM brought a delegation of German solar companies to Denver as part of our Solar Energy Business Delegation 2012. In addition to expert presentations, roundtables and 1-on-1 meetings, the Colorado Chapter of GACCoM hosted an exclusive networking reception which was an ideal opportunity to discuss the latest industry developments in Germany and the U.S.



*European-American Economic Forum 2012 at the Union League Club*



## Advanced Manufacturing in North America Forum and eMobility Panel

April 23-27, 2012

**HANNOVER MESSE 2012,  
Global Business & Markets  
Conference**

**Hannover, Germany**

With over 6,000 exhibitors, 300,000 attendees and various new technologies being introduced each year, the Hannover Fair is the world's largest trade show for industry and energy. During the Hannover MESSE 2012, the GACCs were part of a DIHK/AHK booth. From April 23 – 27, the booth was a meeting point for various companies interested in international expansion. Given the opportunity to meet with representatives of the German Chamber Network, these companies got professional advice and insights into entering foreign markets and setting up successful business abroad. Together with the U.S. Commercial Services, GACCoM hosted the Advanced Manufacturing in North America Forum at Hannover Messe 2012.



## Michigan Chapter SAE Reception 2012

April 24, 2012 The Detroit Athletic Club, Detroit, MI

The GACCoM Michigan Chapter hosted a successful reception at the 2012 SAE World Congress and SAE Powertrain Electric Motors Symposium for Electric and Hybrid Vehicles in Detroit. Following the SAE 2012 World Congress theme, Get Connected, the chapter's reception fostered connections between engineers who are developing the next generation vehicle technology and the German-American business community.



## Minnesota Chapter Gala 2012

April 27, 2012

**Windows on Minnesota  
Minneapolis, MN**



Every spring over the last five years, the German American Chamber of Commerce of the Midwest, Minnesota Chapter (GACCoM-MN) has brought together some of the top corporate friends, families, and business associates for our annual Gala. The funds raised go to pay for far more than maintaining the Chamber; they help sustain important programs and high level events like our "Doing Business with Europe" event at St. Thomas University, our Euro Cocktail networking event, support of the Sister City Partnership between Saint Paul, MN and Neuss, Germany as well as the chapter's annual Scholarship Award Contest. This allows the chapter to stay involved in the German-American community and the community at large in the most positive of ways.

## MERLIN Awards Gala

May 4, 2012

**InterContinental Chicago  
Chicago, IL**

While Chicago was getting ready to host the world for the NATO Summit in May, GACCoM was in the middle of preparing its elegant signature event: the 12th Annual MERLIN Awards Gala. This year, GACCoM embraced Chicago's global status as host to the world and was proud to recognize a World of Excellence in German American Business. The 2012 MERLIN Awards were awarded to the following companies for their exceptional achievements in four categories: 004 Technologies USA as Best New Company; Rittal Corporation as Best Innovator; Barnes & Thornburg LLP as Best Service Provider; and KOMET of America for Excellence in Training & Education.





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## Discussion and Luncheon "Can the Euro Survive?"

May 2, 2012

Montgomery, McCracken, Walker and Rhoads, Philadelphia, PA

On May 2, 2012, the German-American Chamber of Commerce, Inc. - Philadelphia in cooperation with the American Council on Germany hosted a luncheon and discussion with Chief Executive of the Chamber of Industry and Commerce in Hannover Dr. Wilfried Prewo on the

topic of the euro crisis. Dr. Prewo, who has been professionally involved in economics both in the United States and Germany, gave his exclusive presentation on the question "Can the Euro Survive?" to a group of international business and academia representatives.

## GACC South Annual General

May 7, 2012 Huntsville, AL

This year's Annual General Meeting brought together over a hundred members and chamber guests to Huntsville, Alabama as elections for the Board of Directors took place. The results welcomed in Thomas Ginschel, Michael G. Sauer, Felix von Nathusius, Russ Wheeler, and Dr. Eike Jordan as new members.

In addition to the election, panel discussions took place during the all-day May 7th event. A series of

speakers discussed business relations between Germany and the U.S. while economic forecasts centered around the Southern United States.

The evening's Executive Dinner reception took place at the U.S. Space and Rocket Center where Dr. John Horack, the Vice President of Research at the University of Alabama-Huntsville, commented on the important scientific relationship the two countries share.



## White Asparagus Gala Dinner

May 11, 2012

San Francisco, CA

The GACC San Francisco invited to its first annual White Asparagus Gala Dinner. In Germany, the white asparagus season, lasting from mid-April to late June, is celebrated with much enthusiasm. During the season, the vegetable also referred to as "edible ivory" is prominently featured on menus everywhere. In order to bring this tradition a little closer to the West Coast, the GACC imported fresh white asparagus from Germany and celebrated its first White Asparagus Gala Dinner with the San Francisco business community.





**Conference on Manufacturing, Innovation, and Workforce Training**  
**May 16, 2012**  
**Washington, DC**

The Representative of German Industry and Trade and the German American Chambers of Commerce, together with the Aspen Institute, the German Embassy, and the German Center for Research and Innovation jointly hosted the conference "Manufacturing, Innovation, and Workforce Training: What works in Germany and the U.S." After a keynote address by United States Deputy Secretary of Commerce Rebecca M. Blank, participants from both sides of the Atlantic discussed best practices and current challenges.



*Dr. Thomas Zielke, President and CEO of RGIT (left) introduces moderator Bruce Stokes, National Journal, and panelists Josef Kerscher, President BMW Manufacturing Co.; Michael Laszkiewicz, Vice President & General Manager, Rockwell Automation, Inc.; and F. Hans Grandin, President and Chief Executive Officer, Komet of America Holding, Inc. and Vice Chairman GACCoM Board of Directors (Copyright: Steve Johnson/The Aspen Institute)*

**AWEA Windpower Evening Reception**  
**June 4, 2012**  
**Atlanta, GA**

Through cooperation with the Consulate General of the Federal Republic of Germany in Atlanta, the Federal Ministry of Economics and Technology and support from the Metro Atlanta Chamber of Commerce, the GACC South greeted more than 300 guests during a reception held in Atlanta on June 4th.

The evening served as a platform to exchange ideas and network, while celebrating industry success stories within the German-American business community. Participants included several top exhibitors from the conference and industry, public policy, and chamber contacts. The event was jointly sponsored by seven companies in total and featured a media partnership with AtlEnergy Magazine.



**White Asparagus Dinner 2012**  
**June 7, 2012**  
**New York, NY**

This year's asparagus dinner brought 270 members and guests of the German American Chamber of Commerce, Inc. New York together - to celebrate the evening at the magnificent Capitale. The combination of this prime location and the presence of our highly valued guests made this white asparagus dinner 2012 very special. Candlelight and special performances enhanced the atmosphere while our guests enjoyed imported German white asparagus from Rheinland-Pfalz, German wines and local live music. This was a great night to remember.



*White Asparagus Dinner 2012 at Capitale*

**Wisconsin Chapter Reception**  
**Energy Efficiency in Industry Business Conference**  
**June 5, 2012 Milwaukee, WI**

At the Energy Efficiency in Industry Business Conference in Milwaukee, eight German companies held presentations to discuss their experiences and solutions with energy efficiency technologies. After the Energy Efficiency in Industry Business Conference, the GACCoM Wisconsin Chapter held a networking reception to foster an ongoing dialogue in the

transatlantic energy sector in Wisconsin - a state for which energy costs play an increasing role regarding the health of the state's economy.





## **BDI President Keitel: Focus on Strength, not on Crisis**

**July 16, 2012  
Washington, DC**

The President of the Federation of German Industries (BDI), Prof. Dr. Hans-Peter Keitel, gave a speech on "Stability and Growth – A Perspective from German Business" at the Peterson Institute for International Economics. He emphasized that Europe should again focus on its strengths rather than getting hung up on discussions focused on the topic of "crisis." He noted that Germany and German industry both are currently economically well positioned. With more than 41 million people employed, there are more consumers, more tax revenue, and welfare costs are lower. Moreover, Keitel stated that Europe needs to consolidate its budgets and focus on growth. In order not to lose their sovereignty, countries would have to try to be more independent of forces of the financial markets.



*BDI President Prof. Dr. Hans-Peter Keitel speaks before an audience of 100 people.*

## **"Energiewende" - The German Energy Transformation to Renewables New Developments and Challenges**

**September 10, 2012  
New York, NY**



As countries around the globe are reviewing their future energy needs and supplies, both the U.S. and Germany are facing challenges to create sustainable resources to not depend on foreign sources of energy. The GACC New York initiated a dialogue between leading representatives of the financial community from both sides of the Atlantic to determine the financing situation for energy and infrastructure in the coming years. Dr. Annegret Groebel from the German Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway gave an overview of network development in Germany where the regulatory framework is economically interesting and legally stable for grid expansions. She underlined that the Energiewende in Germany will require the integration of renewables and thus an expansion and restructuring of the electricity grid.

## **IMTS German Night Reception and GTAI Seminar**

**September 11, 2012  
McCormick Place  
Chicago, IL**



Given Germany's leading role in the manufacturing and automation industry, GACCoM's German Night Reception was a highlight at the 2012 IMTS. For the first time ever, IMTS featured the International Automation North America (IANA), a co-operation between Hannover Fair USA and AMT. A GTAI seminar on business opportunities in Germany's manufacturing industry highlighted current developments in Europe's largest machinery market. In recognition of German investment in the Midwest, Illinois Governor Pat Quinn and Chicago Deputy Mayor Steven Koch joined the reception. "Our diverse economy, well-trained workforce, and status as America's transportation hub make Illinois an ideal place for business," said Governor Quinn. "Companies from around the world are moving to Illinois to be close to our growing technology, advanced manufacturing and biotech sectors. To date, more than 180 German firms operate more than 750 facilities employing over 35,776 people throughout the state." Deputy Mayor Koch added, "The vibrant city of Chicago is at the forefront of innovation and development in many major industries – it has astounding potential for German and international investment."

## RGIT Panel Discussion: Transatlantic Agreement on the Horizon? September 18, 2012 Washington, DC

RGIT hosted a panel discussion on the EU-U.S. High Level Working Group on Jobs and Growth. The timing of the discussion – following the release of the interim report, and before the election – allowed panelists to reflect on progress and exchange views on the upcoming final report. They agreed that the space created by the dormant Doha

development agenda created a more fertile environment for the transatlantic trade discussion. Peter Beyer, member of the German Bundestag, mentioned that European policy-makers were expecting additional political signals from the U.S. administration. All of the panelists referred to the possibility of a comprehensive agreement.



*Left to right: Sean Heather, U.S. Chamber of Commerce; Hiddo Houben, EU Delegation; David Weiner, USTR; moderator Dr. Bettina Wurster, RGIT; Peter Beyer, German Bundestag (CDU); Dr. Stefan Mair, BDI, and Dr. Sara Borella, DIHK.*



## dasHAUS North America Tour 2012 September 2011 - November 2012

The GACCs were pleased to present the 12-city, North American dasHAUS tour. During its 10-day stays in different cities across the U.S., professionals from the fields of architecture, engineering, and construction joined in on an international dialogue on advanced energy efficiency and renewable energy building design. The overwhelming success attests to the depth of engagement and support for the building efficiency and renewable energy industries in the U.S. The year-long North American

dasHAUS Tour has certainly been a remarkable journey, bringing together over 16,000 attendees representing the building and solar industries, universities and government. The German American Chamber of Commerce of the Midwest was thrilled to lead the 13-month long project, as a cooperative effort among eight Chamber offices across the U.S. and Canada and a successful demonstration of the strength and reach of the German Chamber Network in North America.

## EU and U.S. Officials call for Collaboration in Materials Management

October 4, 2012 Washington, DC

In a transatlantic symposium on opportunities for cooperation on the management of used electronics, senior EU and U.S. officials as well as the CEO of the TransAtlantic Business Dialogue (TABD) Executive Board called for closer collaboration in materials management.

The conference that was jointly hosted by TABD and RGIT provided a unique opportunity for leaders of the transatlantic business and government community to share experiences and best practices on used electronics design, recycling, regulations, and stewardship. Participants included

officials from the European Commission, the U.S. Government, transatlantic business, industry associations and interested stakeholders, all of whom took advantage of this unique forum to exchange views and identify areas for further cooperation.



*Dr. Thomas Zielke, President and CEO of RGIT, introduces the panelists.*

## german design – shaping the future today

October 2, 2012 San Francisco, CA

Funded by the German Federal Ministry of Economics and Technology, the GACC San Francisco carried out the half-day symposium ‘German design: shaping the future today’ to show the potential of German design and foster relations with and between German and American creatives. The symposium featured renowned university professors, entrepreneurs, and leading heads of the most globally influential active firms in the fields of industrial, automotive, and exhibition design, from areas such as visual direction, consulting and design thinking. However, the event also gave aspiring young German designers the chance to present themselves and get connected with some of the best-known figures in design. Among them were Prof. Dr. Hartmut Esslinger (Frog Design), Joseph Becker (San Francisco Museum of Modern Art), Robert Sachon (Robert Bosch Hausgeräte GmbH) and others.

Throughout the day the speakers keenly discussed how design has developed in the past to provide sustainable solutions with regards to social, political, technological and economic challenges. From ‘design thinking’ to ‘design making’, with a special focus on German design, the event has drawn a link between the long tradition of German design and offered new ways of thinking and changing society.



*Delegates and speakers at German Design – shaping the future today*

## First Annual Houston Oktoberfest

October 20, 2012 Houston, TX

Houston’s first annual Oktoberfest was held on Saturday, October 20th at Houston Community College (West Loop Campus) with over 3,500 guests. The Oktoberfest featured over twenty-five types of German beer and also included German food from vendors such as Saussibun and Yummy Dog; as well as a Kid’s Corner with carnival games and pumpkin decorating. There were performances by Enzian Buam and the Rathkamp Dance Troupe. The German Consul General, the Honorable Klaus-Jochen Guehlcke, and many of Houston’s beer enthusiasts were also in attendance.





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### 8th Germany California Solar Day Conference

October 30, 2012 San Francisco, CA

The GACC San Francisco held its eighth installment of the Germany California Solar Day, focusing on recent developments in the solar industry in Germany and California.

The conference was the highlight of the delegate companies' trip to the United States to meet potential new business partners and was supported by the export initiative "renewables made in Germany" of the German

Federal Ministry of Economics and Technology.

Special features of the conference included two panel discussions on "Reducing Soft Cost on the Way to Continued Growth in the U.S. - Best Practices, Strategies, Challenges and Opportunities" and "Bankability Factors, Best Practices and Innovative Strategies for Successful Solar Project Finance."



*Panel discussion at 8th Germany California Solar Day*

### Martinsgans-Dinner 2012

November, 13 2012 New York, NY

For the third time, the German American Chamber of Commerce, Inc. in New York hosted its traditional Martinsgans-Dinner. On November 13th, 150 members and friends of the GACC spent the evening experiencing this German tradition in the heart of New York City. In the wake of Storm Sandy, this event found a new and special setting in one of New York City's most unique locations - the Grand Central Terminal. Our guests experienced a one-of-a-kind atmosphere while enjoying the traditional Martinsgans dish.



*Martinsgans-Dinner 2012 at Grand Central Terminal in New York City*

## Philadelphia GALA 2011

November 18, 2011

The Union League  
Philadelphia, PA

On November 18, 2011, 150 representatives of business, industry, public service and academia attended the GACC Annual GALA Benefit Event, celebrating GACC's 22nd anniversary.

The highlight of the GALA 2011 was the Silent Auction which featured almost 100 items that were graciously donated by the companies and organizations of the greater Philadelphia region. The Silent Auction items included, but were not limited to, gift certificates for hotels and restaurants both in the United States and Germany as well as round trip Lufthansa airline tickets to Germany and other merchandise of German and American companies. The Silent Auction became a huge success as the guests were thrilled with their prizes when the results of the Silent Auction were announced at the end of the event.

GACC GALA 2011 was generously sponsored by B. Braun Medical, Inc., Johnson, Kendall & Johnson, Inc., Lufthansa German Airlines, Germany Trade & Invest, AMG Advanced Metallurgical Group N.V., Dietz & Watson, The Graham Company, RBS Citizens Bank, ICM America, Mercer, MacElree Harvey, Ltd., Asher & Company, Ltd. Their contributions help GACC continue building relationships between the United States and Germany while fostering mutual understanding and friendships leading to expanded international trade.

## GACC South 17th Annual Gala

November 17, 2012 St. Regis Hotel, Atlanta, GA

The GACC South celebrated their 17th Annual Gala at the exclusive St. Regis hotel in Atlanta on Saturday, November 10th. The evening welcomed the highest total of guests in the event's history as 500 members of the German-American business community joined together to toast to the strength of the transatlantic connection between the two nations. Notable guests included Georgia Lieutenant Governor Casey Cagle, Minister Peter Fischer, Consul General Christoph Sander and Georgia Senator Rick Jeffares.

Following the dinner, a live band

and dancing filled out the program and the GACC South Silent Auction, which included over 100 unique items, benefiting the SOS Children's Villages, was featured throughout the evening. The evening was an elegant occasion where the strength and unity of the transatlantic relationship between the two nations was celebrated by the GACC South, its partners, and the German-American business community we so proudly serve. This year's successes were no exception, and the GACC South would like to thank our official beer sponsor NRW.INVEST LLC and our wine contributor Foley Timber and Land Company.



*Together, Lieutenant Governor of Georgia Casey Cagle, GACC South President & CEO Martina Stegmeier, Consul General Christoph Sander, and German Embassy Minister Peter Fischer perfectly defined the relationship between Germany and the U.S.*

# U.S. national grid needs to become more resilient

## Outages due to extreme weather bring high consequential costs

Article by Martin Wiekert, Germany Trade & Invest

Washington, DC (GTAI) - The devastating effects of Hurricane Sandy on the power supply in many parts of the Northeastern United States have shown again a lack of resilience in the power grid and its urgent need of modernization. One approach to make the grid more reliable under extreme weather conditions could be an increased use of "smart" measuring and control technology. In any case, billions of dollars will be necessary in the U.S. in the next couple of years to drive the much needed modernization of the grid's infrastructure.

**T**he devastating impact of Hurricane Sandy and accompanying storms further fueled discussions about the much needed modernization of the national grid's infrastructure. Amongst other things, the fall storms in the Northeast caused power outages for some 8.5 million residents and for large parts of the region's economy.

According to an estimate by the U.S. Federal Reserve Bank, Hurricane Sandy reduced the growth of the U.S. industrial production in October 2012 by approx. one percentage point. The services industry was also hit hard, if nothing else due to the fact that many businesses had to remain closed during the power outages. Effects were still noticeable in

November 2012, since it took some time to restore power to all regions and to remove other production hindrances.

The hurricane's severe impact in the Northeast can be attributed to the region's high degree of vulnerability when it comes to the supply of power in the face of extreme weather. Experts mainly blame the distribution systems; some of them are still from the 1930s and in desperate need of modernization in many places. In addition, power distribution lines in the U.S. run to a large extent above ground.

According to an analysis prepared by the independent Congressional Research Service (CRS), the exclusive research service of the U.S. Congress, weather-related outages in the U.S. are on a steady rise in recent years. Economic damage caused by it – Hurricane Sandy was not a factor for August's analysis – ranged from approx. US\$20 to US\$55 billion.

Since the mainstream of climate research assumes that extreme weather will continue to occur more often in the future, experts ask to make power supply systems more resistant to such weather events. A more robust supply is also deemed necessary for reasons of national security.

In order to decrease the risk of







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outages in the future, several ways may be followed. Besides constructional protection measures for electrical installations or the implementation of decentralized supply systems, the approach commonly used in Germany to run power lines belowground is also among them. However, the latter is not seen as a first choice, given its comparably high costs.

Increasingly more popular is the approach of improving the resilience of power supply by investing into "smart" meters and sensors. This way, utilities will be able to have a quicker reaction time in case of outages and get power supply up and running again. This is made possible through the use of modern measuring equipment and sensors. With the help of such equipment, problem areas can be detected at an early stage, outages

can be reported and crisis teams can be sent out to critical areas more quickly. By using advanced switching and control technology, faulty areas can be isolated early on and a further spreading of blackouts can be avoided.

Often, the grid in Chattanooga, TN, affected by thunderstorm "Super Derecho" in the summer of 2012, is cited as an example for the advantages of such an approach. In Chattanooga, a state-of-the-art smart grid with accompanying communication technology, established with the help of US\$100 million in federal aid, contributed to lessen damage considerably.

Incidents such as Hurricane Sandy support backers of new smart grid projects, which are supported with a total of US\$4.5 billion in aid in line with the expiring American Recovery and Reinvestment Act (ARRA). Public support for such projects is likely to continue despite high costs. But even without subsidies, the market for modern current measuring devices, sensors and grid control technology is predicted to have a high potential for growth. Market research institutes forecast annual growth rates for the sector in a high single-digit percentage or above.

Independent of the considerations in regards to making the U.S. power

## 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.

networks more resilient to extreme weather, there is substantial need for investments in this sector. In an analysis published at the beginning of 2012, the American Society of Civil Engineers (ASCE) quantifies anticipated investments into the generation, transmission and distribution of power between 2011 and 2020 to come to some US\$566 billion. According to ideas of the lobbying organization, another US\$107 billion is deemed necessary in order to avoid imminent bottlenecks in the future. Engineers see the biggest issue currently in the grid, where according to ASCE 70% of power lines are older than 25 years and 60% of circuit breakers are older than 30 years.

The U.S. government knows about the urgently needed modernization of the grid. Federal investment incentives led to a significant increase of investments into power transmission in the last couple of years. According to the Edison Electric Institute (EEI), shareholder-owned electric power companies are likely to invest some US\$15.2 billion into power transmission in 2013. This would represent an increase of 75% compared to 2006. However, when it comes to distribution of power, investments have been decreasing since 2006. ■

*Translation from German by  
Sandy Jones, GACC New York*

WASHINGTON  
★ UPDATE ★

NEWS FROM INSIDE THE BELTWAY

# Reinventing the Wheel?

## The "America Invents Act" Ushers in a New Era with Substantive Patent Reform Leveling the Playing Field for Internationally Active Companies

*Peter J. Esser, RGIT*

**T**he *Leahy-Smith America Invents Act* (AIA), the most significant bundle of changes to the patent system of the United States since 1836, was enacted into law last year. Supporters of the legislation successfully presented the argument that passage of the bill would spur innovation, enable innovators to more readily reap the benefits of their creativity, and concurrently boost the economy by creating jobs domestically. The truth of the matter is that much remains to be seen, as the implementation of key provisions of the law is an ongoing process. Nonetheless, the AIA when fully applied should make the business

of securing and managing intellectual property portfolios easier from a transatlantic perspective. Even so, much bridge-building remains to be done. As an example, one present U.S. position, as advanced by the outgoing Undersecretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office David J. Kappos in a keynote speech presented at a recent RGIT symposium, is that Europeans must give due deference to the "grace period" which remains a part of the U.S. system and which permits applicants a brief period of time in which to file a patent application following disclosure of the invention before the filing date.

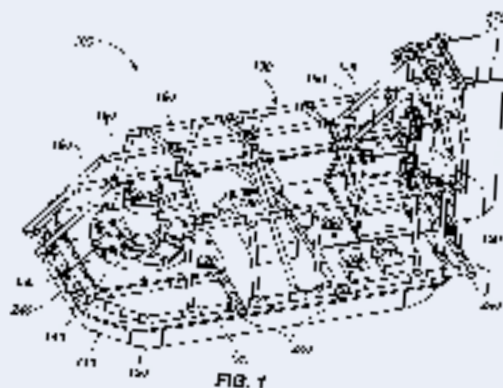
This article briefly addresses some of the factors that gave rise to the law, considers a few of the most crucial modifications to the U.S. patent system resulting from the AIA, and attempts to provide an educated guess regarding future developments.

### **Where do things stand today?**

For the better part of the past decade, Congress wrestled with the issue of improving the domestic patent system. Key goals were to amend U.S. patent laws in such a way as to streamline bureaucratic processes, and to better integrate the U.S. system with other patent systems. The AIA became the law of the land with the President's signature on September

16, 2011. Critics in industry and academia who had long complained about the quality of patents being issued by the United States Patent and Trademark Office (PTO) now had hope. Likewise, independent applicants and patent practitioners welcomed the prospect of a shorter patent examination process as well as an opportunity for the PTO to tackle the massive backlog of patent applications. Various industry groups saw a near-term benefit in procedural changes affording those "first to file" a greater likelihood of obtaining a patent than was earlier the case. The PTO itself relished the prospect of increasing staffing, be

U.S. Patent No. 7,101,000  
FIG. 1



U.S. Patent No. 7,101,000  
FIG. 2





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ing able to offer the public the benefit of “satellite offices”, and gaining a measure of independence regarding its ability to set and retain a portion of fees collected from applicants.

In reality, the AIA's impact is only slowly being felt. Much remains to be done, and the AIA is, as they say, what it is: an imperfect solution to a series of systemic problems (patent quality, pendency of applications, and the like), but a step in the right direction.

### What's changing?

With a few notable exceptions, the AIA did not “reinvent the wheel.” One of the most dramatic changes to the domestic patent system is that the AIA, by supplanting the longstanding “first to invent” system with a “first to file” mechanism, will bring patent practice in the U.S. largely into line with patent procedures common elsewhere in the world. In a nutshell, whereas pre- AIA practice made it generally possible for the first party to invent a new technology to obtain a patent, the AIA increases the likelihood that the first party

## RGIT REPRESENTATIVE of German Industry + Trade

to actually file a patent application will ultimately receive the benefit of patent. This, supporters of the “first inventor to file” position believe, is extremely advantageous in that the U.S. will upon full implementation of this measure be “on level” with other patent systems across the globe. While a vocal minority (representing mainly independent inventors and small business entities unfamiliar with the patent process, or lacking major funding enabling them to pursue research and development while concurrently paying significant sums to patent counsel) prefer the “old school” first-to- invent approach, as of March 16, 2013, the “first to file” system will make doing business and seeking patent protection bilaterally somewhat

easier. Other key changes include the inception of a revised and expanded post-grant review system intended to filter out bad patents, permitting third parties to submit prior art during the pendency of an application, and a handful of additional measures.

### Where do we go from here?

As set forth above, the passage of the AIA had both advocates and detractors. On balance, the law is a step in the right direction, especially for businesses that seek to protect their ideas on both sides of the Atlantic Ocean. Much work remains to be done, especially if a truly harmonized set of patent systems is to come into being across the globe for the benefit of society as a whole. ■



Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office David J. Kappos joins a panel of other IP experts at RGIT in October 2012.



# Tennessee: The Dynamo of Dixie

By Mark Wolfe, GACC South

**N**estled in the grandeur of the Great Smokey Mountains, Tennessee is a state built on a solid foundation of global importance and improvement.

The heritage of the Volunteer State's strong infrastructure was a main factor in the decision by the U.S. Government to establish the secret city of Oak Ridge, which would shape the landscape of the world for decades in its role in the Manhattan Project during World War II.

However, the state's industrial prowess and over-manufacturing caused a growing negativity surrounding the in the 1960s. Famed

CBS Evening News anchor Walter Cronkite declared the City of Chattanooga the nation's dirtiest city, resulting in a joint effort to improve the state's green initiative that continues today. Presently, Chattanooga is a national example of why good business practices and good environmental practices should go hand in hand.

Today, Tennessee is home to over 6 million residents; each enjoying the abundant opportunities for recreation and entertainment the state offers. Nearly 800 foreign subsidiaries representing 34 countries also have an address throughout the state; which is largely due to the restructuring of the state's economic objectives.

In addition to its business friendly environment,

Tennessee is also home to the birthplace of rock 'n' roll, Jack Daniel's Whiskey, the most visited national park in the U.S. and more than a dozen NCAA Division 1 and professional sports teams. From music and culture to the great outdoors, Tennessee offers something for everyone.

## Tennessee's Business Advantages

With its ideal location, Tennessee provides companies with an efficient means for doing business with customers and suppliers around the

world. Most major U.S. markets are within a day's drive, and the state's central location offers many transport options, including: immediate access to eight interstate highways; more than 1,000 miles of waterways connecting to river ports in 21 states and three ocean ports; and six commercial airports, including Memphis International, the world's second busiest freight airport and home to FedEx Super Hub.

Tennessee features no personal income tax and the fourth lowest state and local tax burden in the U.S. The Volunteer State also has the second lowest cost of living in the country, with the cost of living in all major Tennessee cities below the national average. It has the lowest debt per capita of any state in the nation and consistently receives the highest credit ratings from the three major U.S. bond rating agencies.

Meanwhile, with 11 public universities, 34 private and non-profit universities, 13 community colleges and 27 technology centers, Tennessee understands the importance of developing a workforce for today's and tomorrow's jobs with a renewed focus on science, technology, engineering and math disciplines to ensure a pipeline of qualified job candidates are available.

More than \$3 billion in research and development expenditures occur annually in the Volunteer State, as the state remains commit

### TENNESSEE

**Capital:** Nashville

**Population:** 6,403,353

**Size:** 42,143 sq mi

ted to creating the right environment for innovation-based economic development to grow and thrive. Some of the nation's top research and development organizations are located right here in Tennessee including Oak Ridge National Laboratory in Oak Ridge, St. Jude Children's Research Hospital in Memphis, and Vanderbilt University in Nashville to name a few.

### A New Approach

Early on in 2011, under the guidance of newly elected Governor Bill Haslam, the Tennessee Department of Economic and Community Development (ECD) underwent a review of department operations. This resulted in the reorganization of the department; decentralizing it into nine regional areas throughout the state to efficiently bring about the department's mission of making Tennessee the Number 1 location in the Southeast for high quality jobs.

The plan for development identified six key industry clusters in which Tennessee has a distinct competitive advantage. These include automotive; chemicals and plastics; transportation, logistics and distribution services; business services; health care; and advanced manufacturing and energy technologies.

In 2011, Tennessee had one of the most productive years in the state's history, and job creation hit its highest mark in the last five

years and since the onset of the global recession. ECD projects and private sector growth accounted for more than 28,500 new jobs last year and more than \$4 billion in investment.



*The King of Blues, B.B. King would leave his mark on the music industry since recording his first recordings in Tennessee.*



*The picturesque backdrops of the Great Smokey Mountains makes it the most visited park in the U.S.*



*Known as Music City, Nashville has played host to the likes of Elvis, B.B. King, Johnny Cash, and Bob Dylan.*

## Germany in the Volunteer State

Tennessee has a long standing history with Germany. As the state's largest European investor, almost 100 German companies call Tennessee home, representing an investment of \$3.1 billion and more than 13,000 jobs.

German companies can be found all across the Volunteer State. The largest German employer in Tennessee is Volkswagen in Chattanooga, employing more than 3,300 people. Volkswagen invested \$1 billion to build the state-of-the-art manufacturing facility where the award-winning Passat is made. Other German companies with operations in the state include ThyssenKrupp in Middleton and Memphis, Mahle in

Morristown, T-Mobile USA in Chattanooga and Wacker Chemie in Charleston.

As of November 2012, Tennessee companies had exported more than \$601 million worth of goods and services to Germany, making the country the 9th largest export market for Tennessee goods and services in the world. Top exports to Germany include computer and electronic products, chemicals, beverages, tobacco products and transportation equipment.

Together with Tennessee's energetic and dynamic quality of life, which offers abundant opportunities for both recreation and entertainment; the steps the state is taking to build

upon its bright economic outlook is proving to be worthwhile in making the Volunteer State a second home for global businesses. ■

### The GACC South in Tennessee

Our continued efforts to extend the relationship among German and American business is heightened by our Tennessee Chapter. As an organization, it regularly provides a platform for businesses and individuals that are involved or are interested in developing trade between Tennessee and Germany.

On April 22, 2013, the GACC South will host a Southern Small and Medium Enterprises Forum in Nashville. Members and non-members are both invited to attend.

#### For more information:

please visit >> [www.gaccsouth.com](http://www.gaccsouth.com)  
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*The Nashville skyline lights up the water of the Cumberland River.*





Globe  
Inventor: Martin Behaim  
Germany, 1492

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# Hodgson Russ:

## In the U.S. Market, Trusted Legal Guidance is Key

**F**or German companies, entry into the U.S. market presents the potential for huge rewards, but it is not a venture without risk. Establishing a U.S. presence unleashes a flood of legal issues that does not subside once a market foothold is gained. It is therefore essential that companies and individuals with interests in the United States find a trusted legal advisor to guide them through the U.S. legal aspects of their overseas transactions.

For Hodgson Russ LLP—one of the oldest law firms in the United States—serving German companies is

a long tradition. Founded in Buffalo, New York, in 1817, the firm benefitted from the large German community that grew with the city. The firm's original location near the U.S./Canadian border led to its development of a cross-border practice, which later expanded with the establishment of its New York City office to include a large number of European clients.

Today, Hodgson Russ's approximately 200 attorneys provide counsel to clients in Germany and across the world, with a focus on emerging and midsize companies considering or pursuing entry into the U.S. market.

Hodgson Russ advises clients in virtually every area of U.S. law, including the acquisition of entities, capital market and financing transactions, dispute resolution, state and federal taxation, antitrust, labor and employment, health law, intellectual property and technology transfer, immigration, and real estate, and the negotiation of business relationship agreements, including distributorships, franchising, joint ventures, licensing, noncompetition, partnerships, shareholder relations, and strategic alliances.

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Maureen Monaghan is a fluent German speaker and has substantial experience assisting foreign businesses investing in the United States through direct investments, joint venture operations, partnerships, research and development agreements, or licensing and distribution arrangements.



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multidisciplinary teams to serve the complex needs of their clients. The breadth of their collective experience gives them a deep understanding of the U.S. legal issues that affect their clients' interests, helping them protect their clients before situations become problematic. Hodgson Russ attorneys also possess unique cross-cultural experience that makes the firm well suited to represent German clients, which include technology, service, and industrial companies such as a global producer of scientific instruments and an integrated copper group and metals recycler.

In addition to the firm's history of working with German entities, Hodgson Russ attorneys have personal connections to the German community. Maureen R. Monaghan has dual citizenship in the United States and Austria, is fluent in German as well as French, and graduated with a German Abitur from the German School of Washington D.C. Ms. Monaghan, whose passion is representing German companies and seeing them succeed, was drawn to Hodgson Russ because of its strong tradition of helping foreign companies do business in the United States. Other Hodgson Russ attorneys with ties to the German community include Christian G. Koelbl, who is honorary consul for the Federal Republic of Germany in Western New York; Joshua Feinstein, who worked in Germany as a

historian for three years; and Charles S. Rauch, who lived in and continues to travel to Germany, where approximately half of his clients are based.

In addition to its Buffalo office, Hodgson Russ has offices in the major markets of New York City and Toronto, as well as in Albany and Johnstown, New York, and Palm Beach, Florida. With much of its infrastructure in lower-cost jurisdictions, Hodgson Russ offers high-caliber legal services in some of North America's top economic markets without the disproportionate expense of other large U.S. firms. ■

Hodgson Russ attorneys also possess unique cross-cultural experience that makes the firm well suited to represent German clients





# U.S. Taxation of Resident & Nonresident Aliens

by Thomas J. Flattery, CPA, U.S. Steuerberatung LLC

In this article we will explore how the Internal Revenue Code defines a U.S. resident and nonresident alien, how they are taxed at the Federal level and how provisions of the U.S.-German Income Tax Treaty may override their tax treatment.

## U.S. Resident Alien

You are generally considered a resident alien for tax purposes if you meet either the green card test or the substantial presence test. Generally, you are a lawful permanent resident if the U.S. Citizenship and Immigration Services (UNCIS) (or its predecessor organization, INS) has issued you an alien registration card, also known as a green card. You are also deemed to be a U.S. resident for tax purposes if you meet the substantial presence test. You generally meet this test if you were physically present in the U.S. for at least 183 days using a formula covering a three year period.

As a U.S. resident alien, you are taxed on your worldwide income just like a U.S. citizen. You may be able to avail yourself of a foreign tax credit to reduce or eliminate double taxation.

## U.S. Nonresident Alien

You are generally considered a nonresident alien for the year if you are not a U.S. resident alien under either of the two aforementioned tests. You would only be taxed on your U.S. source income, as defined.

## Closer Connection to a Foreign Country

Even though you meet the substantial presence test, you may be able to be treated as a nonresident alien if, among other things, you had a tax home in a foreign country and can establish that you had a closer connection to one foreign country in which you had a tax home than to the United States.

## Treaty Override

The U.S.-German Income Tax Treaty provides for so called tie breaker rules when both countries claim that an individual would be treated as a resident alien of each country. The tie breaker rules could override the provisions of the U.S. Internal Revenue Code. In other words, if you were deemed to be a U.S. resident alien under the provisions of the Internal Revenue Code, you still may be considered a U.S. nonresident alien if you qualify as a resident of a treaty country within the meaning of the income tax treaty.

## Conclusion

In this short article we provided an overview of the Federal income taxation of U.S. resident and nonresident aliens. There are a number of exceptions to these provisions which should be explored based on your tax situation. We suggest that you consult with your tax advisor. ■



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# Interview with Thomas Ginschel

## President, Hettich America L.P.

By Stefanie Jehlitschka, GACC South



Thomas Ginschel  
President, Hettich America L.P.

**GAT:** Prior to your transition to the Americas you served as the President of Hettich Japan KK and as the Executive Director for Asia/Pacific for Holding GmbH & Co. What are the differences between the two markets? What are similar challenges?

**Thomas Ginschel (TG):** In my role as the Executive Director Asia/Pacific, I worked in all those markets from New Zealand to South Korea and from Japan to India, representing the Hettich shareholders. In many of these markets I stayed for extended periods of time to understand their structure and individual requirements, to meet customers and to support the local Hettich subsidiary on its executive level to reach our ambitious objectives.

I also assumed operational responsibility for Hettich Japan with its offices in Tokyo and Osaka when I moved there at the beginning of 2002.

When it comes to comparing the U.S. with the Japanese kitchen cabinet market on a product level, then the answer is: 'The difference could not be bigger'.

In the Japanese kitchen cabinet market one will find mainly steel – cabinets as well as drawers – while the U.S. consumer clearly prefers wooden cabinets and drawers. Solid wood kitchens with wooden dovetail drawers inside are the dream of most U.S. American homeowners – less than 5% of the total drawer consumption is in steel and that only in

geographic pockets.

The even bigger difference between these two markets is the fact that the construction of a U.S. kitchen cabinet is entirely different from the rest of the world. It is called Face Frame Construction and refers to the wooden frame that is attached to the front of the cabinet while most other countries build cabinets consisting of two sides, a top and a bottom panel. For hardware suppliers this means that the hinges and drawer slides have to be attached to the frame instead of to the sides of the cabinet. That is why the majority of the products manufactured at Hettich America are solely for the domestic market.

**GAT:** What role does the North American market play for Hettich?

**TG:** The North American market with its vast potential plays an important role in the Hettich Group's global vision. We have been utilizing the down market to develop new and adapt existing products to the market requirements. Our parent company in Kirchzell, Germany established a team of product engineers that focuses on the U.S. market and, as a matter of fact, Hettich America has its own Product Development department for quick action and reaction. In 2010 we consolidated the 2 former facilities into a new one in Buford, GA that allows for expansion. We continuously expand production capacities to prepare for the increasing demand of our products.

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*Quadro V6 -  
precision ball bearing drawer slide*

Our business is highly dependent on the housing market which is still very depressed. Although the number of newly built homes is on the rise, it only resembles 50% of the average annual consumption that will come to fruition, once the existing inventory of homes is sold.

The huge advantage of the U.S. market over many other markets certainly is its population growth that creates continuous demand for homes and therefore, for cabinet and appliance hardware.

**GAT:** In 2011 energy efficiency played an important role during the construction of the company's Kirchleugern production facility. Are there current plans to "go green" in the U.S. as well?

**TG:** The Hettich Group has its own environmental department, as we strongly believe in the general public being an important stakeholder.

When we built out the office and manufacturing space at our current location in Buford, GA, it was too late to get LEED certified, as the shell was already existent and did not entirely meet the requirements. However, with our T5 lighting, lots of daylight due to the added skylights, flexible lighting sections, the motion sensors in the offices as well as in the warehouse isles, the utilization of compressor heat in winter and an intelligent ventilation system in summer, Hettich America managed to stay as green as possible – as a matter of fact we have been able to reduce our energy consumption by over 20%.

When it comes to our products, we have banned all materials that we consider hazardous a long time ago



and are in line with our European and exceed North American requirements.

**GAT:** Hettich has a history of renowned innovations in engineering dating back to the 1920s. What achievements can people look forward to in the future from Hettich?

**TG:** Hettich has just introduced the ArciTech, a drawer system for loading capacities of up to 80 kg that has clearly raised the bar in the industry. Not only is its running action incredibly smooth and its tracking stability exceptional, but its platform concept allows our customers to quickly respond to their customers' preferences as well as to market trends while guaranteeing to rationalize production. ■



*ArciTech Drawer System*

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<b>January 15</b> New Year's Reception  Held by GACC South Atlanta, GA <a href="http://www.gaccsouth.com">www.gaccsouth.com</a>	<b>January 15</b> German Business Roundtable  Held by GACC South Houston, TX <a href="http://www.gaccsouth.com">www.gaccsouth.com</a>	<b>January 16</b> International Business Networking  Held by GACCoM Chicago, IL <a href="http://www.gaccm.org">www.gaccm.org</a>	<b>January 16</b> Seminar: Resources for German Expat Families in the Tri-State-Area  Held by GACC NY New York, NY <a href="http://www.gaccny.com">www.gaccny.com</a>	<b>January 17</b> New Year's Reception 2013  Held by GACC Western U.S. San Francisco, CA <a href="http://www.gaccsanfrancisco.com">www.gaccsanfrancisco.com</a>
<b>January 17</b> Energy Revolution 2.0 – Opportunities and Challenges of Shale Gas in the U.S.  Held by GACC NY New York, NY <a href="http://www.gaccny.com">www.gaccny.com</a>	<b>January 22 - 25</b> Energystorage Roadshow   Invest in Saxony Anhalt  Held by GACC Western U.S. Bay Area, CA <a href="http://www.gaccsanfrancisco.com">www.gaccsanfrancisco.com</a>	<b>January 24</b> New Year's Reception  Held by GACC South Houston, TX <a href="http://www.gaccsouth.com">www.gaccsouth.com</a>	<b>January 24</b> Seminar: Social Media and Labor Law  Held by GACC NY New York, NY <a href="http://www.gaccny.com">www.gaccny.com</a>	<b>January 29</b> Business Seminar with the Hollingsworth Companies  Held by GACC South Atlanta, GA <a href="http://www.gaccsouth.com">www.gaccsouth.com</a>
<b>January 30</b> Panel Discussion and German Night at AGGONNECT  Held by GACCoM Kansas City, MO <a href="http://www.gaccm.org">www.gaccm.org</a>	<b>January 30</b> German Business Roundtable – Dallas  Held by GACC South, Houston, TX <a href="http://www.gaccsouth.com">www.gaccsouth.com</a>	<b>January 31</b> "German Energy Politics: Managing the U-Turn"  Held by GACC Western U.S. San Francisco, CA <a href="http://www.gaccsanfrancisco.com">www.gaccsanfrancisco.com</a>	<b>January 31</b> Economic Forum  Held by GACCoM Rosemont, IL <a href="http://www.gaccm.org">www.gaccm.org</a>	<b>February 5</b> Winter Networking Dinner  Held by GACCoM-MI Chapter Farmington Hills, MI <a href="http://www.gaccmi.org">www.gaccmi.org</a>
<b>February 6</b> My Success. Our Visions.  Held by GACC Western U.S. San Francisco, CA <a href="http://www.gaccsanfrancisco.com">www.gaccsanfrancisco.com</a>	<b>February 7</b> Knowledge Exchange  Held by GACCoM Chicago, IL <a href="http://www.gaccm.org">www.gaccm.org</a>	<b>February 7</b> The West End Mixer  Held by GACC South Houston, TX <a href="http://www.gaccsouth.com">www.gaccsouth.com</a>	<b>February 12</b> German Business Roundtable  Held by GACC South Houston, TX <a href="http://www.gaccsouth.com">www.gaccsouth.com</a>	<b>February 20</b> International Business Networking  Held by GACCoM Chicago, IL <a href="http://www.gaccm.org">www.gaccm.org</a>
<b>February 26</b> Business Seminar "Understanding Retirement in the U.S."  Held by GACC South Houston, TX <a href="http://www.gaccsouth.com">www.gaccsouth.com</a>	<b>February 26-27</b> 3rd European American Solar Deployment Conference "PV Rollout"  Held by GACC South Atlanta, GA <a href="http://www.gaccsouth.com">www.gaccsouth.com</a>	<b>February 28</b> Water Technology Roundtable  Held by GACCoM Minneapolis, MN <a href="http://www.gaccm.org">www.gaccm.org</a>	<b>March 4 - 8</b> Specialty and Organic Foods.  Held by GACC Western U.S. San Francisco, CA <a href="http://www.gaccsanfrancisco.com">www.gaccsanfrancisco.com</a>	<b>February 21</b> Wine Tasting  Held by GACC South Houston, TX <a href="http://www.gaccsouth.com">www.gaccsouth.com</a>



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THE MAGAZINE OF THE GERMAN AMERICAN CHAMBERS OF COMMERCE

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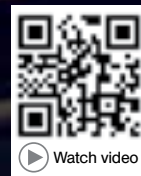
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