

German American TRADE

QUARTERLY

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**Festo Didactic CEO
Nader Imani –
Tackling Skill Shortages in
Advanced Manufacturing**

**GACC Award
"Trainee of the Year"**

**German American
Business Outlook 2015**





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

In the year 2014 we have witnessed a whole series of acquisitions and mergers between German and American companies. As a matter of fact, with a total transaction volume of USD 67 billion the year will rank on top, far exceeding the respective activity of the previous 5 years combined. Each transaction stands on its own and individual merits, ranging from re-alignments of a company's business mix, expansion into innovative and novel technology areas to industry specific consolidation considerations. The high number of transactions and its high monetary volumes are particularly noteworthy, taking into consideration that traditionally acquisitions and mergers are a very difficult undertaking. According to numerous studies they often do not create the expected stakeholder and shareholder value. The respective merger and integration process is laborious and lengthy. In addition, large acquisitions bear significant reputational risks.

Consequently we are sure that each of these transactions has been vetted extremely thoroughly. And they have a few themes in common. Primarily, they speak for a robust German economy and companies with strong balance sheets. These investments are made with high confidence into known and familiar markets. The valuations are transparent, financing conditions are beneficial, and transaction execution tends to be swift and efficient. Most importantly those investments try to enhance and enlarge respective footprints to the huge customer base in the U.S. Finally, economic growth prospects



*Dietmar Rieg,
President & CEO, GACC New York*

in the U.S. are comparatively good, adding value.

Given Germany's current account surplus, these industry investments seem to be more preferable over recycling and dis-intermediating such surpluses through financial instruments which have been opaque at times in the past. On this backdrop, we approach the year 2015 with confidence into growing U.S.-German business and commerce. And we hope that fruitful discussions surrounding the negotiations of the Transatlantic Trade and Investment Partnership (TTIP) will foster the creation of an even stronger, mutually beneficial and long-lasting economic relationship platform.

Sincerely yours,

Dietmar Rieg
President & CEO
German American Chamber of
Commerce, Inc. New York

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R G **REPRESENTATIVE**
I T of German Industry + Trade

MERGERS & ACQUISITIONS

ATLAS North America Acquires U.S.-Based Sonar Company MSTL

ATLAS North America LLC. (ANA) has acquired the business of Marine Sonic Technology (MSTL), Ltd., based in Yorktown, Virginia, USA, via an asset deal. Terms of the transaction were not disclosed. ANA is a wholly owned subsidiary of ATLAS ELEKTRONIK GmbH, Germany. "MSTL's core competencies with high resolution sonar technology are highly synergistic to the ATLAS Group's existing capabilities and with the addition of these new side scan products, expand ATLAS' total sonar product offerings," explained Sergio Diehl, President and Chief Executive

Officer of ATLAS North America LLC.
>> www.defense-update.com

Enbridge Buys 80% Stake in U.S. Wind Farms from E.ON

Enbridge Inc. says it's acquiring an 80 percent interest in two wind farms in Texas and Indiana. The Calgary-based energy company is buying the stake from E.ON, a German power and gas company. The companies valued the wind farms near Harlingen, Texas and Elwood, Ind., at a total of US\$650-million.

>> www.theglobeandmail.com

Allianz Near Sale of Fire- man's Fund Personal Business

Allianz (ALVG.DE) is close to selling the personal insurance business of Fireman's Fund, a U.S. insurer the German company bought in 1991,

according to media reports. Front runners to buy the business, which has about \$750 million in premiums, include Ace (ACE.N), AIG (AIG.N) and AmTrust (AFSL.O), Germany's Sueddeutsche Zeitung newspaper and The Insurance Insider reported, citing investment banking and industry sources.

>> www.reuters.com

SAP Completes Acquisition of Concur

SAP SE (NYSE: SAP) announced that it has completed its acquisition of Concur Technologies, Inc. (NASDAQ: CNQR), the leader in the multi-billion dollar market for travel and expense (T&E) management solutions. With the acquisition of Concur, SAP advances its business network strategy by delivering a new model for managing



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

business resources, processes and spend in the simplest possible way – through the world's largest business network. All outstanding shares of Concur have been converted into the right to receive US\$129 per share in cash. Concur has notified The Nasdaq Stock Market of the completion of the acquisition and expects trading of its common stock to be suspended pending delisting of such shares.

>> www.prnewswire.com

VW Said to Buy Battery Startup Stake for Tesla Challenge

Volkswagen AG (VOW) bought a stake in battery startup QuantumScape Corp. with the aim of developing technology that can more than triple the range of its electric cars, according to people familiar with the matter. VW is considering using the energy-storage technology, which is fireproof, for vehicles from the namesake brand as well as Porsche and Audi, said the people, who asked not to be identified because the plans are private. Tests to show the system is viable for cars are due to be completed in mid-2015, they said. The VW of America unit bought a 5 percent holding and has options to raise the stake, one of the people said.

>> www.bloomberg.com

Merck in Talks to Buy Antibiotic Maker Cubist for \$7 Billion

Merck & Co. (MRK) is in talks to acquire Cubist Pharmaceuticals Inc. (CBST), a maker of antibiotics, in a deal valued at more than \$7 billion, a person familiar with the matter said. Merck would pay about \$100 a share, and an agreement could be announced as early as this week, the person said yesterday. An offer in that range would represent a 34 percent premium over Cubist's closing share price on Dec. 5.

>> www.bloomberg.com

Iowa Biofuels Firm to Buy German Company Petrotec

Renewable Energy Group Inc. has a deal to buy a majority interest in Petrotec AG from IC Green Energy Ltd. and will make an offer for the remaining shares. IC Green agreed to accept an offer from REG European Holdings BV to purchase IC Green's 69 percent equity ownership in Petrotec AG for \$20.9 million to be paid in newly issued REG stock. The transaction is expected to be completed by the end of the year.

>> www.businessrecord.com

Microsoft Acquires German Mobile App Analytics Firm

Microsoft on Thursday announced it has acquired Stuttgart, Germany-based HockeyApp, a provider of mobile app crash analytics services for software developers. While HockeyApp will continue to offer its analytic services, Microsoft said it also plans to integrate the capabilities of the HockeyApp solution into its products in the near future. Specifically, HockeyApp will be integrated into Microsoft's Applications Insights service in Visual Studio Online.

>> www.rcpmag.com

Alcoa to Buy German Titanium

Manufacturer Tital

Alcoa Inc. will acquire a privately held German titanium maker to boost its aerospace business. Financial terms of the deal for Tital, a privately held company, weren't announced. Tital makes titanium and aluminum castings for aircraft engines and airframes. The bulk of Tital's 650 employees are based in Bestwig, Germany.

>> www.bizjournals.com

MARKET ENTRIES & RELOCATIONS

Concept Laser Opens U.S. Subsidiary in Dallas

Concept Laser, a pioneer of techniques for laser melting with metals, has opened a US subsidiary in Dallas, Texas - building on its existing operations in Germany and China. Growth in demand for its LaserCUS-ING systems over the past few years has led to this strategic addition, the company said. John Murray has been named CEO of the newly-formed Concept Laser Inc.

>> www.optics.org

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Wired and BuzzFeed Give Germany a Try

Two U.S. media outlets, tech magazine Wired and website BuzzFeed, have launched German editions recently in an attempt to shake up a market that is dominated by traditional publishers. Wired started selling a German edition at kiosks last month and has also a German website with articles about technology, science and innovation. Most stories are written by its 19 journalists in Germany, with only a few translated from the U.S. edition.

>> www.blogs.wsj.com

Twilio Launches German Services

Twilio, which provides cloud-based communications services, outlined plans to expand in Germany as well as create a new application programming interface that makes it easier to acquire phone numbers in all countries. The company said that it will add German phone numbers, local language support for messaging and text to speech to customers in the country. Twilio provides SMS and messaging technology and APIs for companies like Uber and Airbnb and has expanded into more enterprise accounts.

>> www.zdnet.com

German Automotive Parts Company Häring Opening GA Plant

Georgia Gov. Nathan Deal says a German manufacturer of auto components is building its first U.S. facility in northeast Georgia. Deal said in a statement Wednesday that Häring is planning to create 800 new jobs by 2025 and will invest \$54 million over five years to develop the facility in Hartwell – near the South Carolina border.

>> www.thestate.com

German Glass Tech Firm BBG GmbH & Co Sets North American Operation in Oxford, MI

BBG GmbH & Co. KG's new subsidiary will handle mold modification for North American customers, the Mindelheim, Germany, company recently announced. BBG specializes in systems that bond glass to plastic, as in vehicle windows, photovoltaic cells, aerospace windows and bathroom shower cubicles. It produces encapsulation molds and turnkey systems for such markets. It also builds other types of injection molds, draw dies for vacuum forming, and tools and molds for a range of composites processing.

>> www.craigslistdetroit.com

Mercedes-Benz Reportedly Weighing Leaving Bergen County for Atlanta

The German luxury automaker Mercedes-Benz is looking to move its 1,000-employee North American headquarters from Montvale to Atlanta. The Atlanta Business Chronicle first reported that Mercedes-Benz USA is considering the move. A company spokesman declined to comment on the report, but several sources told The Record that Mercedes-Benz was indeed considering leaving Bergen County. One source within the company told The Record that an announcement on a move may come in January, at a company reception.

>> www.northjersey.com

German Company Becker Hydraulics to Open Facility in Chesapeake

The Hampton Roads Economic Development Alliance says a German company will invest in a manufacturing facility in Chesapeake, creating ten jobs. The

alliance says Becker Hydraulics of Herdorf, Germany will invest over \$500,000 in Cavalier Industrial Park.

>> www.nbc12.com

INVESTMENTS & EXPANSIONS

Audi to Invest \$29 Billion Through 2019 to Surpass BMW

Audi will spend 24 billion euros (\$29 billion) to develop technology and expand production, boosting its five-year investment plan by 2 billion euros as it chases BMW for the top spot in luxury-car sales. About 16.8 billion euros, or 70 percent of the total, is earmarked for new models like the Q1 sub-compact sport-utility vehicle, the Ingolstadt, Germany-based unit of Volkswagen AG (VOW) said today in a statement. Audi expects to sell a record of more than 1.7 million autos this year.

>> www.bloomberg.com

U.S. Auto Sector Tries to 'Out-German the Germans,' Says Cadillac CMO Uwe Ellinghaus

Uwe Ellinghaus keeps finding himself in hot water for the things he says. Most recently, he took flack from the auto industry for declaring, "When I recruit people, I do not need 'petrolheads.'" He defends his statement, saying Cadillac's issue isn't the product, it's the brand. "While there are no great brands without great products, having a great product isn't always sufficient for winning customers over, and this is what we currently experience," Mr. Ellinghaus said.

>> www.adage.com

There is Life in the Old Dollar Yet

For the longest time, many pundits have predicted that the Fed's accommodative monetary policies would obviously and inevitably result in a massive dollar depreciation and high inflation. And what has happened? The exact opposite. The Dollar has significantly appreciated versus other G-10 currencies at low inflation, because of solid U.S. economic fundamentals, the impending Fed interest rate hike, the Fed's potential QE safety net, the U.S. energy revolution and the weakness of other currencies. Due to global capital markets' confidence in the Dollar, its strength is likely to persist. It is considered a safe haven, because of its high liquidity and the U.S.' reliable institutions, sound legal system, and relatively functional political system. In addition, the Dollar will remain the world's reserve currency for years to come and the outlook for the U.S. is favorable in view of demographics and immigra-

tion, a culture of innovation and entrepreneurialism and highly liquid capital markets. Inflation will likely stay below target for the next couple of years, primarily due to declining energy prices and lower costs of imported goods. The strong Dollar is unlikely to undermine the U.S. economic recovery. Rather, coupled with correlated economic strength it will attract global capital flows. U.S. exports will suffer, but they only make up 13% of U.S. GDP and greater disposable income will result in increased consumption. Any disadvantages for the U.S. are outweighed by the risk of it being dragged down by a Eurozone slipping into a recession. The corresponding weak Euro is favorable for Eurozone exports. However, increased exports based on Euro depreciation will not fully make up for sluggish global demand. While a weaker Euro may help jumpstart growth, it will not be able to provide



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BeyondGlobal

sufficient sustainable growth momentum without the requisite fundamental structural reforms. ■

HP Invests in Security Operations Centre in Germany

Like other countries, Germany is experiencing an increase in cyber crime. According to Arthur Wong, SVP and general manager, Enterprise Security Services, HP: "Over the course of this year the average cost of cyber crime in Germany climbed to €6.1M per enterprise, and each attack took an average of 21 days to resolve. HP detects more than 23 billion security events monthly - more than all other security service providers combined." The first statistic is sourced from "Cost of Cyber crime study, 2014", a global study of U.S.-based companies conducted by the Ponemon Institute on behalf of

HP Enterprise Security. The last statistic comes from HP security research and the claim "more than all other security service providers" is disputed by several of its competitors.
>> www.business-cloud.com

Hubner Manufacturing Corporation Expanding Charleston County Facility

Hubner Manufacturing supplies products to the bus, rail and air transportation industries and is expanding its operations in Charleston County. Hubner Manufacturing Corporation is investing \$8.6 million to expand its manufacturing facility in Mount Pleasant, S.C. The investment is expected to create 50 new jobs.
>> www.counton2.com

E.ON Says Has Commissioned New U.S. Wind, Solar Installations

German utility E.ON said it has commissioned two large-scale renewable energy projects in the U.S., strengthening its position in a growth market. It said it has started commercial production at the 211 megawatt (MW) Grandview I wind farm 26 miles east of Amarillo, Texas, in a joint venture with GE Energy Financial Services.
>> www.reuters.com

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Festo Didactic

Tackling Skill Shortages in Advanced Manufacturing

"Manufacturing is becoming increasingly high-tech as it is changing rapidly from mass production to mass customization.

A well educated workforce is essential for the growth of a company and critical for driving the economy."

Dr. Nader Imani,
CEO, Festo Didactic, Inc.

As manufacturers are trying to regain momentum in the U.S., many are facing a well-documented challenge: A significant gap between the talent they need to keep growing their businesses, and what they can actually find. As manufacturing is becoming increasingly high-tech on the factory floor and also in back offices where data from machinery is analyzed, these skill deficiencies have a significant impact on the companies' ability to expand operations and improve productivity. A McKinsey Global report from 2012 projects a shortage of more than 40 million high-skill workers in the U.S. by 2020. In order to address the skills gap in U.S. manufacturing, Festo is expanding its vocational education division, Festo Didactic, in the US and Canada.

Training and Education for Employability

In today's high-tech world, skilled workers require both, practical experience in the industrial environment, and fundamental knowledge of advanced technologies. These two pillars provide the foundation of the German dual education system which enables students to connect their theoretical knowledge with the real demands of production. This training prepares students to solve problems and to effectively contribute to the productivity of the company they work for.

Festo Expands its Vocational Education Division in the U.S. and Canada

Addressing the fact that 2 million manufacturing jobs in the U.S. go unfilled because there are not enough trained individuals, Festo Didactic established a high-tech learning laboratory in central New Jersey that will provide the training and education modern-day manufacturers need to compete and succeed. The "Center for Workforce Technology Education" which is located in Eatontown, NJ, will provide 21st century training to the latest generation of manufacturing employees.

"Most American production processes have adopted advanced manufacturing techniques that require fewer workers on the shop floor," said Nader Imani, CEO, Festo Didactic, Inc. "But there is a tremendous and growing demand for more workers with technical training that can



Festo Didactic offers a holistic approach to qualifying employees and students for advanced manufacturing. Teachers and students are positioned to work in the "real world".

German American Trade Jan/Feb/Mar 2015

FESTO

operate and repair sophisticated equipment and plan production. This new era of manufacturing focuses on a high-speed, high-tech world, fueled by technology, for which highly-skilled workers are essential to operate automated manufacturing and processing equipment.” he added.

In June, 2014, Festo Didactic acquired the Lab-Volt Group of Companies, headquartered in NJ with an affiliate in Quebec, Canada. This merger enables Festo Didactic to offer an even broader range of products and services in addition to the 3,500 courses it offers annually in more than 26 languages across the globe, and makes Festo Didactic the most comprehensive portfolio available in the international training and development market for technical education.

Dr. Daniel Boese, General Manager of Festo Didactic SE, explained that the German dual education system is largely recognized as a driving factor of Germany’s economic success. High schools in Germany provide students with technical training based on the needs of local manufacturers. These companies, in turn, provide three-year apprenticeships to train the students, a practice that has disappeared in the American industry over the years. “Often, those who become chief executive officers in German manufacturing companies have gone through the apprenticeship program themselves, where they gained a full understanding of all aspects of production technologies and challenges on the production floor,”

Dr. Boese explained. “We know the key to innovation is through industrial training,” he added.

Festo – CPCC National Learning Center of Excellence

Festo Didactic SE and Central Piedmont Community College (CPCC), located in Charlotte, North Carolina will create a one-of-a kind training facility to be located on CPCC’s Central Campus.

This joint venture, the “Festo – CPCC Learning Center of Excellence”, will develop in stages with the first stage expected to be operational by early 2015. The center will advocate the growth and development of advanced manufacturing in the United States, while giving CPCC students and incumbent workers the opportunity to become highly skilled operators of the latest, high-tech manufacturing equipment.



Transfer Factory: A platform to demonstrate the impact of market turbulences on production planning.



IHK Certification

The Festo-CPCC partnership offers another important benefit for potential students: Certification.

The Festo-CPCC Learning Center of Excellence will be the only training facility in the U.S. to offer certification endorsed by the IHK Karlsruhe, a German regional chamber of industry and commerce. Students will be able to become IHK certified in Programmable Logic Controller Technology and Computer Numerical Control Machining Technology.

“We believe that our joint venture will become the “gold standard” for technical education and training in the U.S. and North America,” said Dr. Boese. “Through this large-scale initiative, we will advocate and promote advanced manufacturing as a viable, attractive and lifelong career option for students and new and incumbent workers in the U.S.”

CPCC’s goal is to match job training in Germany so closely that a student can start his/her studies in Germany in these subject areas and complete them at CPCC or vice-versa. Students completing these programs earn the equivalent of an IHK specialist certification.

Overall, there are approximately 200 German companies with facilities in the Charlotte region and another 300 in the Carolinas. The 200 German companies in the Charlotte region currently employ 15,000 people. ■

About Festo

Festo is a leading world-wide supplier of automation technology and world market leader in industrial training and development. Headquartered in Esslingen, Germany, the independent family company has become the performance leader in its industry with a global presence in 176 countries. 300,000 customers worldwide rely on Festo’s innovations and problem-solving competence in all aspects of automation, as well as its unique range of industrial training solutions and education programs. Of Festo’s 17,600

employees worldwide, 820 are in the education division and provide more than 3,500 seminars in 26 languages per year.

In the US, Festo Corp. is headquartered in Hauppauge, NY with offices in Silicon Valley, Chicago, Detroit, Appleton, Charlotte, Dallas and Los Angeles. The company is currently building a 170,000 sq. ft. state-of-the-art product assembly and distribution center in Mason, OH, which will serve U.S. and Canadian customers.

About Festo Didactic

As part of a world leading producer of automation solutions, Festo’s education division, Festo Didactic, offers training programs and consultancy for manufacturing companies and equips educational institutions for technical training via open seminars, in-house training courses and workshops.

Training programs are offered for teachers, students, engineers and technicians and provide comprehensive training in mechatronics, automation technologies, process optimization, information technologies and communication. Learning systems and training modules can be combined and scaled to cater to the range of demands of different industrial sectors and educational programs. As a global partner for companies, countries, universities and schools Festo Didactic plans and

provides solutions that foster the development of sustainable industrial skills and contributes to the competitiveness of companies in the global markets.

Festo Didactic’s sophisticated learning systems offer students a direct axis to industrial knowledge and technologies. These learning systems place students in real life situations and enable them to quickly gain practical experience of high tech components used in factory and process automation. The systems cover all relevant fields of automation and manufacturing – from mechatronics, electrical engineering and logistics to production process optimization. These intuitive learning systems are complimented by solutions that train problem solving skills, communication and quality management.

Interview with Dr. Nader Imani

CEO, Festo Didactic, Inc.

GAT: Festo recently made headlines with the opening of the Festo Didactic Center for Workforce Technology Education in Eatontown, NJ. What were the reasons for this commitment to the U.S. in form of an extensive investment?

Dr. Nader Imani (NI): Festo Didactic is the leading global provider for technical educational institutions, consulting and education providers for the automation industry. We design and implement learning factories and training programs that systematically prepare people to be able to work in dynamic and complex industrial environments. Our aim is to maximize learning gains in schools and training centers, and to make a lasting contribution to improve competencies in the manufacturing industry around the world.

The U.S. is a lucrative education market as it has the highest per capita expenditure in the world for K – 12, as well as for further academic education. Additionally, manufacturing is booming in the U.S. due to a massive reindustrialization movement. Manufacturing practices in the U.S. are shifting production toward a higher, value added generation which requires the integration of advanced technologies into the factory floor. This high tech manufacturing requires a qualified workforce to enable the industry to meet the challenges of global competition. There is an increased need for continuing and adult education, specific to the manufacturing sector

so that companies can regain momentum and remain competitive.

Through its operations in New Jersey and its significant presence throughout the U.S., Festo Didactic is aiming to address the demand of education and technical training. We will offer basic education and training in high schools, community colleges and universities, as well as further education for industrial operators, maintenance technicians and design engineers. The former will be part of Festo Didactic learning systems for technology and production engineering at large, whereas the latter will be a platform for seminars and stackable qualification modules.

We will work with educational suppliers to bridge education and the labor market in industrial production to secure millions of workers jobs in the U.S. and beyond, where the manufacturing economy is booming.

GAT: In what way do the techniques employed in the U.S. manufacturing industry differ from their European equivalent and how does Festo Didactic adapt its suite of products and services to this market?

NI: In order to keep up with fast paced global competition, manufacturers have to continuously improve processes to maximize productivity. This requires the integration of innovative and high end technologies into manufacturing machines and processes, regardless of location.



Dr. Nader Imani, CEO, Festo Didactic, Inc.

While many European countries continued to manufacture and considered manufacturing to be the backbone of their economy throughout the 20th Century, the U.S. outsourced much of its manufacturing and is now in the process of shifting manufacturing back to the U.S. While many manufacturing companies in Europe continued to innovate their best practices, U.S. manufacturing companies have only recently started to integrate advanced manufacturing technologies. This caused a sudden and significant demand of highly qualified manpower which is currently not sufficiently available in the labor market of the U.S., where the appropriate education needs are currently not addressed systematically in many cases.

Festo Didactic will work with various stakeholders, including schools, the Departments of Labor and Education,

as well as industrial employers and employer associations to offer products and services that help qualify the required manpower which is desperately needed for the manufacturing sector.

GAT: We are currently experiencing a trend of “back-shoring” where we are moving away from offshore labor strategies and toward a more home-grown approach. In addition, “going green” is becoming an

increasingly important factor. How do these trends impact the necessary skills on the U.S. labor market?

NI: In modern and advanced manufacturing, production does not focus on cheap labor. It focuses on reduced energy consumption, easy access to raw material and, most importantly, the proximity to the consumer market in order to reduce cost for logistics. All of these factors can be achieved by manufacturing in

the U.S., as long as access to a qualified workforce is available. This is the last key factor needed to ensure global competitiveness of manufacturing companies in the U.S.

As the U.S. joins other countries in “going green”, manufacturers are focusing on clean, energy efficient production and curbing the emission of carbon dioxide. This trend creates the need for “green skills” within the manufacturing sector and the demand for new professions such as environmental officers, energy managers and water/waste water technicians.

GAT: What major challenges lie ahead and what is your strategy to successfully overcome these obstacles?

NI: We aim for awareness of our education programs which are customized to meet the needs of the manufacturing sector. We understand the demands of the industry and provide the necessary training for the industry. We intend to define and set quality standards and certifications for education and training programs which will guarantee employability for students and also ensure the productivity of employers and industries who employ young graduates and qualified manpower. ■



Connected Learning created by Festo; an innovative way to learn on time and on demand



Festo Didactic Center for Workforce Technology Education in Eatontown, NJ, incubating a partnership in between industry and education.

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German American Business Outlook 2015

German Companies Grow with Rising Demand

By Jan Vater & Nicola Michels, GACC

On December 8, 2014 Thomson Reuters opened the doors at their Times Square HQ to the members of the German American Chambers of Commerce, international guests, government officials and press for the presentation of the GABO 2015 results. Caroll H. Neubauer who holds the position as Chairman & CEO of B.Braun Medical Inc., took the stage and welcomed the numerous guests in his function as Chairman of the GACC New York. Mr. Neubauer cheerfully stated: “German businesses in the U.S. are currently doing well and growing and anticipate continuing to do so.”

W. David Braun, Partner at Quarles & Brady LLP and Chairman of AHK

USA and GACC Midwest subsequently addressed the audience and described one of the most significant challenges that became apparent in the results of the survey: “We found in our survey that the share of companies with difficulties identifying skilled employees jumped to 65 percent up from 49 percent last year.”

Consequently, investment in education and training tops the reform agenda of German companies. The German American Chambers of Commerce are currently pursuing the expansion of German-style dual education programs for vocational training throughout the United States, especially in conjunction with advanced manufacturing firms.



Thomson Reuters HQ at Times Square hosts GABO 2015



The panel of industry executives, the GACCs Management & Chairmen with Ambassador Wittig and Thomson Reuters Moderator Rob Cox

EXECUTIVE SURVEY SUMMARY

Key Takeaways

- German companies continue to grow as a result of a strong U.S. market performance. With rising investments and continuous hiring, German firms encounter labor shortages in STEM related fields.
- The Transatlantic Trade and Investment Partnership (TTIP) is gaining importance, with businesses anticipating lower tariffs and better regulatory cooperation to provide future growth incentives.
- Many companies have not exploited innovative opportunities through Industry 4.0 (Smart Factory, Big Data), which could prove to be game changers for future growth and global competitiveness.

Challenges for German American Businesses

69% of German companies see TTIP as an important measure in comparison to just over 50% last year. Companies are hoping to see an elimination of tariffs and better regulatory cooperation.

65% of German companies report difficulties identifying employees with adequate skills, up from 49% last year. Especially large firms hired less than previously anticipated.

Policy Recommendations from the German American Business Community

- The newly constituted Congress should act now to grant the Obama Administration the Trade Promotion Authority (TPA) in order to short track trade agreements like TTIP.
- Addressing U.S. fiscal concerns and tax reform would further restore market confidence and improve long term economic growth potential.
- Investment in education and training tops the reform agenda of German companies.

Business Outlook

98% of German companies expect positive revenue growth for their own business and the U.S. economy in 2015.

90% of German companies reported the same or much better sales volumes in 2014 – despite flat sales prices. German companies focus on introducing new products and process optimization.

64% of German companies are increasing their strategic focus on the U.S. in connection with market size and customer proximity.

For the sixth consecutive year, 1,100 headquarters of German subsidiaries were approached for this survey in the fall of 2014. Approx. 10% of senior management responded, mostly Mittelstand firms (German SMEs).

Survey conducted by:



German American
Chambers of Commerce
Deutsch-Amerikanische
Handelskammern



REPRESENTATIVE
of German Industry + Trade

Roland Berger
Strategy Consultants



*Dr. Hans-Ulrich Engel
Chairman & CEO of BASF Corp.*



*Detlev von Platen
President & CEO Porsche Cars North America, Inc.*



*Dr. Anna-Katharina Wittenstein
Chairwoman Wittenstein Holding Corp*



*James Sharp
President Carl Zeiss Inc., Carl Zeiss Microscopy LLC*

Besides the challenges of identifying skilled labor, the GABO survey confirms the importance of another highly debated topic: The Transatlantic Trade and Investment Partnership (TTIP) is gaining momentum, with 69 percent of German companies seeing TTIP as an important measure, in comparison to just over 50 percent last year. Firms are hoping to see an elimination of tariffs and better regulatory cooperation. Ambassador to the Federal Republic of Germany Peter Wittig focused on the trade agreement in his speech. He lauded the progress that has been achieved but noted that considerable issues still needed to be resolved referring



Ambassador to the Federal Republic of Germany Peter Wittig



The three GACC Chairmen on Times Square, Dec 8, 2014 Martin Richenhagen (GACC South), Caroli Neubauer (GACC NY) and W. David Braun (GACC Midwest)

to misconceptions about the agreement for example that TTIP might lower environmental or health standards. He shared the standpoint that there should not be special investor protection built into the agreement, saying that “both our legal systems are functioning and guarantee the rule of law – also for foreign investors.”

Moderator Rob Cox (Editor of Reuters Breakingviews) led through the second half of the evening which consisted of an exclusive industry panel discussion. Among the panelists were Dr. Hans-Ulrich Engel, Chairman & CEO, BASF Corporation; James Sharp, President, Carl Zeiss Inc.; Carl Zeiss Microscopy LLC; Detlev von Platen, President & CEO, Porsche Cars North America; and Dr.

Anna-Katharina Wittenstein, Chairwoman, Wittenstein Holding Corp. The panelists thoroughly discussed the key findings of the survey as well as current economic trends and took time to answer questions from the audience.

In regards to energy prices, Dr. Engel put the importance of low energy prices into perspective by pointing out that the difference between U.S. and German energy costs only marginally influence investment decisions. For example, BASF values the proximity to key customers as a higher factor when it comes to making investments. In addition, he underlined the importance of a European/American free trade agreement which would reduce costs through customs by 2 billion dollars annually. ■

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Networking Reception on the top floor at Thomson Reuters



The Winner: Nigeria Williams

Trainee in the two-year Skilled Metal Worker Program at MTU America Inc.

By Sarah Reuter, GACC

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



*Nigeria Williams
GACC's Trainee of the Year 2014*

At 7.6% (September 2014), Germany has the lowest youth unemployment rate of any industrialized nation in the world. This is largely a result of the traditional German vocational training path, chosen by 55% of all school graduates. Opportunities to gain specialized technical skills significantly improve job prospects. High-level vocational training offers students viable leads to advanced employment positions and provides companies with a powerful tool for filling workforce needs across a spectrum of specialties and positions.

This year, the popular Trainee of the Year award which is sponsored by FESTO, went to Nigeria Williams, Trainee at MTU America Inc. As the first young woman in MTU's Skilled Metal Worker Program, Nigeria illustrates, by example, that women can be successful in the manufacturing environment. Nigeria started her apprenticeship after high school graduation and has shown great commitment, eagerness to learn and a strong work ethic from her first day on at MTU. During her apprenticeship program, she has taken on assigned tasks and has consistently set a new higher standard of success in each assignment. Her leadership serves as an example of excellence to other apprentices. Besides her outstanding technical achievements, Nigeria is also a valued team player. "I learned that engineers have a lot of responsibility

and that everyone has to work together to get a successful finished product." She comes to work with a "can-do" attitude and is always positive about her day.

Nigeria shows great dedication in sharing her positive training experience and rising interest in the apprenticeship program – especially for young women. She participated in a "Girls Day" event where she gave a speech to 80-90 young high school women about the manufacturing workplace. Additionally she gave interviews to the local TV news stations, illustrating that the MTU apprenticeship program represents an exciting career training opportunity for young people throughout the area.

After completing the program, Nigeria plans to study mechanical engineering and wants to continue working for MTU. "Although while in college, I would still like to work at MTU. Then once my four years of college are completed, I would like to have a permanent job at MTU, and help play a big role in supporting the plant realize its higher goals."

MTU America Inc. is the regional headquarters of Rolls-Royce Power Systems. As a technological leader in off-highway power and propulsion systems, the company is responsible for the manufacture, sales and service of MTU and MTU Onsite Energy products throughout the



Power. Passion. Partnership.

United States, Canada, Mexico, Latin America and the Caribbean. MTU America's core products – MTU diesel engines and MTU Onsite Energy distributed energy systems – can be found in a broad range of applications – from mine haul trucks, military vehicles and marine vessels to hospitals, data centers and universities.

MTU America is the first company to have established a two-year Skilled Metal Worker Program in the United States fully accredited by the Association of German Chambers of Commerce and Industry (DIHK) as well as the German American Chambers of Commerce (GACCs). Such distinction puts MTU at the

forefront of establishing quality standards for vocational training that are identical with the requirements in the German Vocational Education and Training Network (VET). What makes this program so unique is the fact that, like in Germany, trainees are able to begin their company career path at the age of 16, a pioneering milestone in the U.S. Upon completion their educational pathway does not have to end here. Graduates have the possibility to apply for company support in order to obtain an Associate's, Bachelor's or even a Master's degree. ■

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Nigeria Williams, first young woman trainee in the two-year Skilled Metal Worker Program at MTU America Inc.

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GACC Highlights of 2014

GACC South New Year's Receptions January 2014 Atlanta, GA, Houston, TX, Charlotte, NC and Duncan, SC



The GACC South hosted four New Year's Receptions in Atlanta, GA, Houston, TX, Charlotte, NC and Duncan, SC to ring in the new year and honor the longstanding members of the GACC South. In Atlanta, guests had to brave the snow to enjoy an evening of special cocktails, delicious German delicacies and fun games in the foosball-lounge at the GACC South Office. Members and friends of the GACC South in Houston networked in a casual atmosphere at a trendy Cajun-style pub. Charlotte toasted the New Year with a festive and intimate gathering at Sabine & Mike Birkle's home, and the South Carolina Chapter celebrated both the new year and the welcoming of its new Chapter Director, Vincenc Pearson, with a ribbon-cutting ceremony at the DAA Draexlmaier Automotive of America LLC plant in Duncan. Honorary guest of the evening included Lindsey Graham, U.S. Senator for South Carolina.

GACC New York New Year's Reception 2014 January 8, 2014 Harvard Club, NY

The GACC's New Year's Reception was the first annual highlight of the GACC New York and a way to welcome the New Year. More than 150 participants – high-level representatives of German and U.S. firms and their guests – came together to listen to guest of honor Anthony J. Kuczinski, President & CEO of Munich RE International speaking on the topic of natural disasters and their impact on infrastructure investment. ►



GACC West GABO West Coast January 16, 2014, Silicon Valley Bank, Santa Clara, CA

For the first time, the results of the German American Business Outlook were presented on the West Coast. The outlook featured an interesting panel discussion about the economic outlook of 2014, German-American business growth in the Bay Area and

the opportunities of the Transatlantic Trade and Investment Partnership. The first German American Business Outlook event on the West Coast was well received among the attendees from leading German and American companies in the Bay Area. ▼



**GACC Midwest
Economic Forum
February 6, 2014
Hilton Rosemont
Chicago O'Hare, IL**

Moderator W. David Braun, Chairman, GACC Midwest & AHK USA and Partner, Quarles & Brady LLP, opened the formal program, leading economist Adolfo Laurenti gave his much anticipated transatlantic economic outlook for 2014 with positive expectations for the U.S. and Germany. The following roundtable featured the CEOs of Ipsen and Wittenstein, Geoffrey Somary and Peter Riehle, who discussed the importance of continuous innovation and responsiveness for their businesses' success in a transatlantic framework. The roundtable was completed by remarks on the ongoing TTIP negotiations by the Representative of German Industry and Trade, Dr. Thomas Zielke. ▼

**GACC South Roundtable & Reception
with EU Trade Commissioner Karel de Gucht
March 6, 2014, GACC South office, Atlanta, GA**

A profound demonstration of unity took place at the GACC South office as over 70 guests and members representing more than 13 European nations from bilateral European Chambers in Atlanta united to welcome EU Trade Commissioner Karel de Gucht for a roundtable and evening reception. During the roundtable discussion, Commissioner de Gucht and representatives of the European Chambers addressed potential challenges and opportunities of the Transatlantic Trade and Investment Partnership (TTIP) for companies in the South. Discussions continued through the evening reception, as Commissioner de Gucht

provided attendees with an update on the continuing negotiations of TTIP and raised awareness of its benefits among companies in Georgia and the Southern region. ▼



**GACC Philadelphia
The Big Data Revolution
March 27, 2014
SAP Headquarters
Newtown Square, PA**

SAP Americas' headquarters in Newtown Square, Pennsylvania hosted an open house for members of the GACC Philadelphia. This sold-out event featured a tour of SAP's LEED Platinum facility and big data tour bus. Guests enjoyed a presentation by Peter David, CFO, and were able to see examples of how large and small companies use big data software to optimize their revenues and marketing efforts.



**GACC South
German Mittelstand –
Southern SME Forum
April 7, 2014
Greenville, SC**

With more than 200 representatives of the German-American business community of the Southern U.S. Participants of the all-day business conference built valuable partnerships, exchanged ideas during two panel discussions on the Transatlantic Trade and Investment Partnership (TTIP) and the Energy Mix of the Future, and gained insights on innovative business strategies during workshops focused on various topics, including Effective Marketing & PR Strategies, Human Resources & Recruitment, Intercultural Competence, and Lobbying in Washington, D.C. Following the conference, GACC South members in good standing elected the 2014 Board of Directors at the Annual General Meeting. ▼



**GACC Midwest
Michigan Chapter:
Annual SAE Dinner Reception
April 8, 2014, Detroit, MI**

The Michigan Chapter hosted its 21st annual SAE Dinner Reception coinciding with the 2014 SAE World Congress. The event was held at the Detroit Athletic Club and was attended by 200 plus guests. Master of Ceremonies was Fred Hoffman, Honorary Consul of the Federal Republic of Germany. Attending from the Chamber were Simone Pohl, President & CEO, and Dieter Lehnert, Manager of the Michigan branch office. This year's key note speaker was Dr. Andrew Brown Jr., Vice President and Chief Technologist at Delphi. He presented on "Megatrends: 2014 and Beyond", identifying key drivers of future automotive technologies. These include automated lifestyle, demographic shifts, regionally based growth, comfort and convenience, safety, security, and privacy, the connected world, urbanization, government intervention, among others.

**GACC New York Automotive
Forum - Is the Future Electric?
April 17, 2014
Ernst & Young LLP, NY**



▲ The GACC New York topped off the opening day of the New York Auto Show with a panel discussion on electric cars at Ernst & Young's impressive Times Square venue. Welcoming words from Jean-Francois Tremblay of Ernst & Young's mobility division and Dietmar Rieg, CEO of the GACCNY, were followed by a vivid discussion about the future of electric vehicles. Chaired by John Voelcker, editor of Green Car Reports, the panel consisted of Jacob Harb (BMW), Dr Nic Lutsey (International Council on Clean Transportation), Douglas Skorupski (VW), and Chelsea Sexton (Industry Advisor & Consultant). Besides the latest EV concept cars and available models of the two German car manufacturers, the most discussed topic was range of EVs and how it affects price, demand, and usability of this technology.

GACC Midwest MERLIN Awards Gala 2014

May 2, 2014

**InterContinental
Chicago, IL**

At a time of continually increasing trade and investment between Germany and the U.S., our annual MERLIN Awards Gala honored companies who have excelled in German-American business. This year the following companies were presented with an award: DB Sediments GmbH as Outstanding Innovator, Baumann Consulting as Outstanding Service Provider, and MAT² for Excellence in Vocational Training. Following a Silent Auction where we even raffled off two Lufthansa Round-Trip tickets, we celebrated the 20th Anniversary of the Chicago Hamburg Sister City relationship. Guests enjoyed a first-class menu with select German delicatessen, following the sister-city theme. And we had the Beatles on stage – almost! A cover band paid tribute to the famous band that started their career in Hamburg.



GACC West White Asparagus Gala Dinner 2014

May 9, 2014

**InterContinental
Mark Hopkins, San Francisco, CA**



The GACC West hosted its 3rd annual White Asparagus Gala Dinner at the InterContinental Mark Hopkins in San Francisco. Around 120 guests from the German-American business community in the Bay Area enjoyed a delightful dinner featuring the German delicacy. The white asparagus, which is often referred to as "edible ivory," was harvested in Germany a week before the dinner took place and imported directly to San Francisco for the event. Another highlight of the evening was the musical entertainment provided by Panique Jazz, the San Francisco Conservatory of Music and the GISSV String Quartet.

GACC Midwest Minnesota Chapter: Annual Gala

May 16, 2014

**Sheraton Bloomington Hotel,
Bloomington, MN**

More than 200 guests experienced a festive evening, including an elegant dinner, a sumptuous sampling of international and domestic wines, entertained by the musical stylings of award-winning vocalist Patty Peterson. Charles "Rocky" Hughes, Area Manager The Americas at new member and platinum sponsor Condor Flugdienst GmbH – who graciously also donated flight vouchers to the gala – as well as Peter Lefkin, Senior Vice President at Allianz of America held speeches. Monique of Switzerland, a lifetime member of GACC Midwest, MN Chapter, was a diamond sponsor. Very valuable to the event were the German & International Business students from the University of St. Thomas and the University of Minnesota Twin Cities, who impressed the guests with their professional support as volunteers.



GACC New York White Asparagus Dinner 2014
May 29, 2014
Tribeca Rooftop, NY



▲ For the 11th time, 300 guests – GACC members, high-level representatives of German and U.S. firms and their guests – came together at the premier annual event of the GACC New York. The 2014 White Asparagus Dinner offered prime networking opportunities, new economic insight and a unique taste of German cuisine at the memorable Tribeca Rooftop venue. The reception prior to the dinner was held on the lavish terrace featuring a breath-taking view over the Big Apple.



GACC South TTIP Conference (Miami & MAC)
June 19, 2014, Miami, FL September 10, 2014, Atlanta, GA

In 2014, the GACC South helped to increase awareness and understanding of the Transatlantic Trade and Investment Partnership (TTIP) and its benefits through two successful conferences. On June 19th, the GACC South organized “The Future of EU-US Relations – What Benefits Will the TTIP Bring?” conference, hosted in Miami, FL by the EU Delegation to the United States. The conference united 60 key decision makers and industry leaders from local organizations interested in the EU, and featured a TTIP Panel Discussion concentrating on the advantages and opportunities of a comprehensive TTIP agreement. On

September 10th, the GACC South partnered with the Metro Atlanta Chamber, the Swedish-American Chamber of Commerce and the Trans-Atlantic Business Council to host the “Jobs and Economic Growth for Atlanta: How TTIP Will Help” conference. The conference, funded by the EU Delegation to the United States, provided over 100 participants valuable knowledge sharing opportunities through multiple keynote presentations by leading experts and representatives of transatlantic relations, and a panel discussion comprised of local company executives discussing export and FDI success stories. ▼



GACC New York Soccer Event: USA vs. GERMANY
June 26, 2014, Midtown 1015, NY

◀ On its way to the world champion title 2014, the German soccer team successfully played various exciting matches. On June 26, the GACC New York invited German and U.S. soccer fans to the sports bar Midtown 1015 to watch the match and enjoy snacks and drinks.

The venue filled quickly with fans of both teams. U.S. fans were rewarded an extra surprise gift, if they showed up in a U.S. Jersey. Loud cheers filled the venue when Thomas Mueller scored his ninth World Cup goal in nine games, leading the German team to victory and into the next round.

**GACC New York
Business Roundtable
with Mayor of Jersey City,
Steven M. Fulop
June 27, 2014
City Hall, NJ**

The lack of skilled labor affects almost 50% of the German subsidiaries in the United States. Companies face huge challenges filling positions. The German American Chamber of Commerce, Inc. is therefore partnering with a new initiative in New Jersey entitled "Force21." The goal of the Force21 program is to grow the next generation of technology workers and delivers a system of options in design, fabrication, and mechatronics to New Jersey employees and residents. Mayor of Jersey City Steven M. Fulop shared his long-term perspective on the potential Force21 offers to industry and commerce in New Jersey and New York with a broad audience at City Hall, Jersey City.

**GACC Midwest Inspiration for
Innovation Forum 2014
September 19, 2014
The Abbey Resort,
Lake Geneva, WI**

Investing in innovation ensures competitiveness, job creation, and sustainable growth. We acknowledged the importance of innovation with a new signature event this year, the Inspiration for Innovation Forum, hosted at the Abbey Resort at Lake Geneva. Howard Tullman, CEO of Chicago's famous start up hub 1871, kicked off the event with an engaging presentation in which he introduced 5 major trends for the future of innovation. He was followed by two panel discussions on innovation as well as growth strategies, in which featured speakers from a wide range of industries openly discussed their challenges, concerns and possible solutions. We concluded the day of inspiration with our very own Midwest Oktoberfest.

**GACC Midwest German Night Reception at IMTS
September 9, 2014, McCormick Place, Chicago, IL**

Our team had a very busy week at this year's IMTS, co-located with Industrial Automation and MDA North America, at Chicago's McCormick Place, given the significant representation of German companies and pavilions at the show. This was impressively highlighted by the record attendance of over 330 participants at this year's German Night Reception, which we organized at the trade show. Our Chairman of the Board of Directors, W. David Braun, welcomed the guests and introduced Annika Klar, Director at Deutsche Messe, Rich Huss, CEO, Festo Corp., and Adam Pollet, Director Illinois Department of Commerce & Economic Opportunity

who in their speeches stressed the importance of German companies for the U.S. market.



**GACC West Oktoberfest
2014
September 25, 2014
Fort Mason Center,
San Francisco, CA**



Over 200 guests celebrated the second GACC Oktoberfest at the festively decorated Fort Mason Center in San Francisco. Dressed up in dirndl and lederhosen, the crowd rocked the dance floor to original Oktoberfest music by Blow Music! and Bayern Maiden. Not only ears but also tummies were happy: From grilled sausages to pretzels to spätzle and sauerkraut - authentic German food and steins filled to the brim with original Hofbräu Oktoberfest beer left nothing to be desired. The popular signature event had been sold out in advance and was, again, a huge success.

**GACC Midwest Wisconsin
Chapter: Member Open
House at GE Healthcare
October 9, 2014
Waukesha, WI**

Mr. Troy Lewein, MRI Advanced Applications Leader at GE, welcomed the group of around 40 participants with an introduction to GE Healthcare, its initiatives and its strong partnership with Germany. The Open House included special guest Mr. Mario Soos, Deputy Consul General of the Federal Republic of Germany who offered insight to the current state of German-American relations followed by a discussion. The evening was rounded out with a presentation by Amy Gallenberg, Clinical Program Manager of the GE/NFL Collaboration, on "Current Topics in Healthcare – The Partnership between GE Healthcare and the National Football League (NFL) in Concussion Research." The event concluded with a showcase of the GE Healthcare MR demonstration rooms.

**GACC West 10 Year Anniversary
October 21, 2014, One Market Restaurant, San Francisco, CA**

Around 65 high ranking representatives of the German-American business community joined the GACC board members to celebrate the 10 year anniversary of the GACC West at One Market Restaurant in San Francisco. Caroll Neubauer, Chairman of the board, Sabine Hepperle from the German Federal Ministry of Economics, Mark Chandler of the San Francisco Mayor's office and Felix Neugart of the Association of German Chambers of Industry

welcomed the guests to this special occasion. Guided by GACC West Managing Director Rene van den Hoevel, an evening full of stories about early and late German pioneers in the Bay Area demonstrated the sometimes impalpable but deeply-rooted impact Germans had and still have on Californian economy and culture. The history of German entrepreneurship in the Bay Area was also captured in the Anniversary Book published by GACC West.

**GACC West German
Innovation Symposium
October 21, 2014
Bechtel Conference Center,
San Francisco, CA**

On the occasion of the visit of the board members of the GACC and the Chamber's 10th anniversary, the GACC West held a half-day symposium on German innovation. In the keynote presentation by Burton Lee from the Stanford Engineering School, around 80 attendees learned how Europe and the U.S. nurture innovation. Representatives of German mid-size companies like Carl Zeiss, Smaato and Biotronik discussed how their companies deal with innovation systems. Representatives from BMW, Volkswagen, Robert Bosch and SAP discussed how the newest trends regarding connected cars drive innovation in the Silicon Valley. The audience was engaged in a very fruitful discussion, exchanging American and German perspectives.

**GACC Philadelphia Bertelsmann/GACC TTIP Town Hall
October 22, 2014
Philadelphia, PA**

The drew over 100 members of the German chamber, as well as other Philadelphia international organizations. The Town Hall featured guest panelists Rob Nemchik, CEO of Porsche Logistics, Andrea Canepari, Consul General of Italy, and Katherine Kalutkiewicz, Associate Chief Negotiator from the Office of the United States Trade Representative. In addition, the Philadelphia chapter hosted one TTIP roundtable each month in 2014, focusing on a variety of industries or "hot topics" related to the negotiations. Each time, engaged and diverse crowds of business people showed support for the TTIP. The success of these roundtables launched a series of web-videos done in collaboration with the Port of Philadelphia about how the TTIP will affect trade in the region.



**GACC New York
Exclusive Business Breakfast
with Sigmar Gabriel
October 24, 2014
University Club, NY**

Minister of Economics and Vice Chancellor Sigmar Gabriel met the Board of the German American Chamber of Commerce for an exclusive breakfast roundtable in Midtown Manhattan.

Gabriel showed great interest in the perspective of transatlantic business from this side of the pond. He shared his views on current transatlantic developments such as TTIP - the Transatlantic Trade and Investment Partnership - between the EU and the U.S. This trade agreement is expected to remove customs duties and other trade barriers, thus creating economic growth and jobs. With 800 million consumers, TTIP would create the world's largest economic zone. The GACC Board expressed its support for the agreement. Other topics such as the lack of skilled labor and the introduction of German-style dual education models within a few clusters throughout the United States were also discussed. ▼



**GACC South
19th Annual Gala
November 1, 2014
InterContinental Buckhead,
Atlanta, GA**

Members and friends of the GACC South united at the 19th Annual Gala to honor the German-American business community's incredible dedication to strengthening Germany's economic presence within the Southeastern United States. This year, guests were welcomed at a new venue, the exquisite InterContinental Buckhead Atlanta, and enjoyed an elegant evening posing at the Red Carpet Backdrop, bidding on over 100 unique items showcased in the Silent Auction and dancing the night away at the first official After Party. Guests of honor included Mayor of the City of Atlanta, Kasim Reed, President of the Southern Christian Leadership Conference, Dr. Charles Steele, Jr. and Consul General of the Federal Republic of Germany, Christoph Sander, among others.

**GACC Midwest Skills Initiative
Spotlight and Annual Wine
Dinner
November 7, 2014
Ritz Carlton, Chicago, IL**



Panelists presented current and future skills projects in the Midwest, moderated by Mark Tomkins, Vice President of GACC Midwest. Michigan's Advanced Technician Training (MAT2®) Program was represented by Uwe Krueger (President & CEO of FTE automotive North America). Girish Seshagiri (CEO of AIS, Peoria) introduced CICES - Central Illinois Center of Excellence for Secure Software. And Mario Kratsch, GACC Midwest's new Director, Skills Initiative, introduced ICATT - Illinois Consortium for Advanced Technical Training for the first time!

At our Annual Wine Dinner after the panel, we got to enjoy a superb selection of wines by our generous sponsor Udo Heinz Consult, accompanying a delicious 7-course menu by German chef Martin Knaubert at the Ritz Carlton. A highlight of the evening was the tribute to our anniversary members, including Lufthansa who celebrated 50 years!

GACC South & GACC Midwest Automotive Supplier Delegation Nov 10 – 14, 2014, Detroit metropolitan area and Southeast

GACC Midwest hosted twelve German automotive supplier companies in Michigan providing each a unique opportunity to explore the U.S. automotive market. The visit to the greater Detroit metropolitan area, the heart of the U.S. industry, took place from November 10-12. The companies represented innovative technical production and process optimization technologies designed and targeted for the automotive industry. The program included a conference with an inspired keynote speech from Birgit Behrendt, Vice President, Global Programs & Purchasing Operations, Ford Motor Company, and then travelled to the South, where the GACC South hosted a product presentation event at the Clemson University International Center for Automotive Research (CU-ICAR) in Greenville, SC. The event also included expert presenta-

tions by Dr. David L. Bodde of CU-ICAR and Matt Winkler, Senior Manager of Purchasing - Direct Materials at DAA Draexlmaier Automotive of America LLC. Companies had the opportunity to meet individually with business partners, sales representatives and potential clients both in the Detroit area and the Southeast.

The companies represent innovative technical production and process optimization technologies designed and targeted for the automotive industry. Each of them was paired with potential strategic business partnerships and new customers, helping them decide if the U.S. market is a fit for them. The project was sponsored by the German Ministry of Economics and Energy in the context of the Ministry's market development program for small to medium-sized businesses. ▼



GACC New York Martinsgans Dinner 2014

November 12, 2014
Metropolitan Club, NY



▲ For the 5th time, 250 guests - GACC members, high-level representatives of German and U.S. firms and their guests - came together to experience prime networking opportunities, new economic insight and a unique taste of German cuisine. This year's venue The Metropolitan Club offered a traditional New York atmosphere. Guests enjoyed the exclusive ambience of this historic New York landmark and the authentic German dinner in the heart of Manhattan.

**GACC South
Climate Symposium**
November 12 & 13, 2014
Houston, TX and Tulsa, OK



▲ The 1st Climate Symposium brought an international panel of experts together to showcase innovations and new developments with positive impact on both innovative mining and the environment. Supported by the Climate Fond of the Federal Foreign Office in Germany, the symposium analyzed pertinent environmental considerations and promoted Germany's expertise in Clean Technologies. Four speakers per venue addressed topics in the oil & gas lifecycle ranging from environmental regulations, exploration technologies, water treatment, to future gas resources. Participants from Chevron, Benteler Steel & Pipes Corporation, governmental organizations and several universities added their voice to the discussion and made for a stimulating and informative exchange between theory and application. This Climate Symposium paved the way for a future series of similarly focused conferences.

**GACC Midwest
Colorado Chapter:
Denver Christkindl Market**
November 21–December 23,
2014 Denver, CO

The Colorado Chapter opened its 14th annual Denver Christkindl Market on November 21. Vendors from Europe and the Colorado area displayed their wares and visitors got to enjoy unique sights, sounds, smells and tastes. Together with the World Trade Center, the Colorado Chapter hosted the last Euro Networking of the year for the European business community at the Market. Award-winning Chef Walter Neuhold prepared a delicious buffet of authentic German cuisine. Before networking in the holiday tent, some participants used the opportunity to stop by the craft vendors' booths in the market in order to get their Christmas shopping done early. ▼



GACC German American Business Outlook 2015
December 8, 2014, Thomson Reuters, NY

For the sixth consecutive year, the German American Business Outlook (GABO) monitored the state of German-owned subsidiaries in the U.S. On December 8, at the offices of Thomson Reuters, the German American Chambers of Commerce, the Representative of German Industry & Trade, and Roland Berger Strategy Consultants reported the results of their annual business

**GACC New York STEP NYC
Startup Demo Night**
December 3, 2014
WeWork, NY



New York City is currently the fastest-growing technology and startup center of the world. With its very dynamic ecosystem and abundance of investors, New York City is a prime location for startups. The GACC New York proudly announced its first Startup Entrepreneurship Program in New York City (STEP NYC). Four times a year, the German American Chamber of Commerce, Inc. New York offers German startup companies the opportunity to participate in a 5-day program in New York City. On December 3, the first round of participants, a selected a group of innovative companies, pitched their company to the audience and a panel of venture capitalists.

survey, showing the success of German companies in the United States, as well as their outlook for future growth. The study showed that German companies grow with rising demand, but 65 percent struggle to fill job vacancies. This year's award went to "Trainee of the Year" Nigeria Williams, for her accomplishments during a trainee program at MTU.

GACC Philadelphia Celebrates 25 Years

By Lindi von Mutius & Emily Parente Roberts, GACC

On September 26, 1989, a group of intrepid business leaders formed the German American Business Association of Greater Philadelphia (GABA). Stephen Stambaugh, one of the early founders, remembers, “we formed the German American Business Association of Greater Philadelphia (GABA) with the mission to nurture and expand the business relationships between Germany and the United States.”

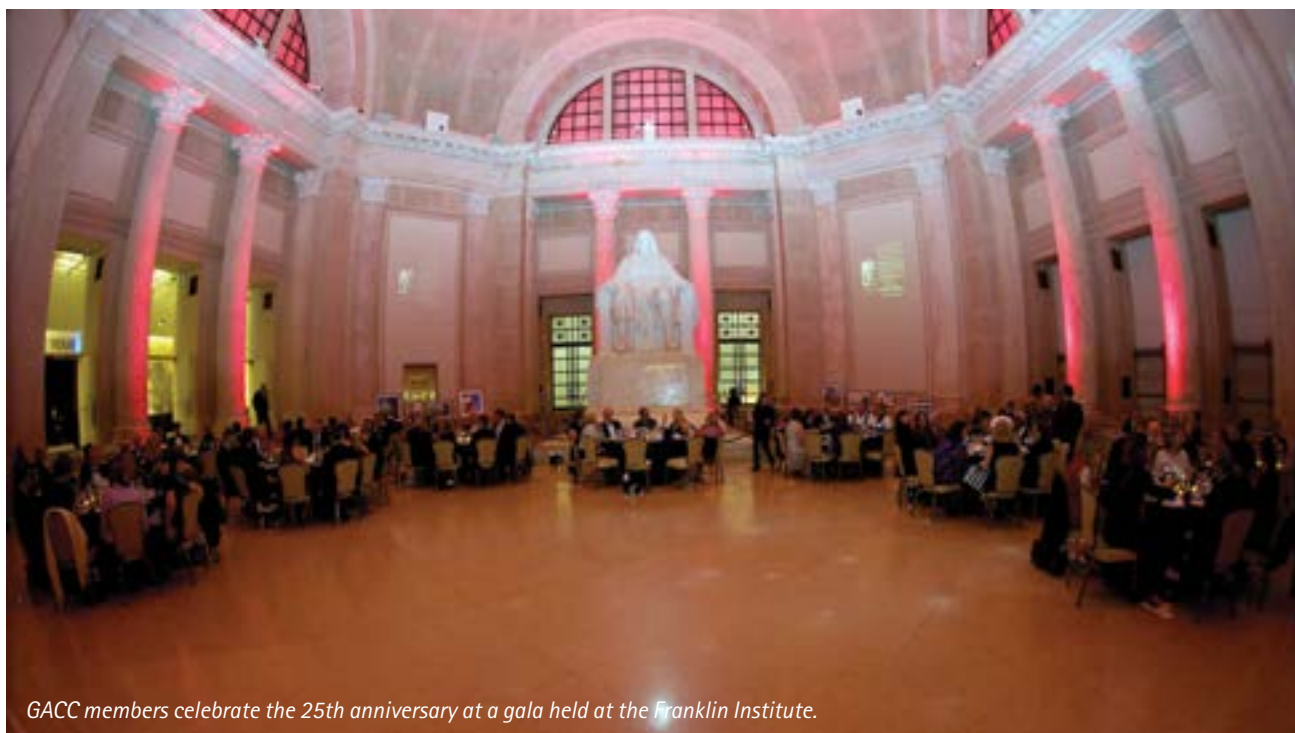
The Philadelphia Region has a long and rich German-American history, beginning in 1683, when the first permanent German settlement was founded in Germantown, a short five miles from downtown Philadelphia. Large numbers of Germans migrated from the 1680s to 1760s, favoring

Pennsylvania as their top destination. Several hundred German companies, including notable giants like SAP, Siemens, B.Braun, Bayer, and Lufthansa have headquarters in the state’s two main hubs of Philadelphia and Pittsburgh. However, the early leaders of GABA also felt that a regional focus was necessary, given the proximity of financial and manufacturing centers in Delaware and New Jersey.

Ellene Felder-Scharnott remembers, “our goal was to meet the members of the German business community to gain insight into how best to do business in Germany.” For the first five years, GABA volunteers worked tirelessly to build a membership base, and attract new German companies

to the Philadelphia region. “Under GABA we all had to chip in,” recounts Barbara Afanassiev, former President of the GACC Philadelphia and Honorary Consul of the Federal Republic of Germany. Under the leadership of Chairman, Hans Wolf, the organization began to grow.

Ironically, the founders had begun thinking about GABA before the Berlin Wall fell. However, once the reunification of Germany began, it charged the GABA community with increased vigor. Interest in trade between the U.S. and Germany escalated. “By October 1989, all the turbulence in Europe was getting into high gear, and by November we said, ‘Wow, now let’s go full steam,’” remembers Monika Krug, a GABA



GACC members celebrate the 25th anniversary at a gala held at the Franklin Institute.

"We formed the German American Business Association of Greater Philadelphia with the mission to nurture and expand the business relationships between Germany and the United States."

Stephen Stambaugh

founding member. GABA responded with programs designed to guide Americans to the opportunities in Germany, especially in the new states of the former East Germany. GABA sponsored visits by trade delegations from the new states that resulted in many new business contacts and friendships. As GABA members saw the reinvigoration of the German economy, they marveled how quickly trade opportunities grew.

By 1994, it became apparent that GABA would soon outgrow its organizational framework. That year, GABA was invited to join the German Chambers of Industry and Trade (DIHK) and Chamber (AHK) network and become an affiliate of GACC New York. The affiliation was immediately, and unanimously, approved by the GABA Board as the most logical next step for the growing organization. The Board appointed Barbara Afanassiev as the President and Managing Director, and Afanassiev served for the next 24 years in that role. "Coordination always brings new challenges, but we managed to work well together to the benefit of both organizations and our members," remembers Felder-Scharnott.

After Afanassiev retired, Lindi von Mutius, and now Lydia Sarson have served as Executive Directors. Both are former members of the organization, which illustrates the passion Philadelphia members feel about their GACC. The GACC Philadelphia membership has surpassed 230

individuals, ranging from large companies to young professionals, and hosts at least one event each month on topics ranging from logistics to cyber security and cloud computing. In November, GACC Philadelphia, GACC New York, and RGIT collaborated on a TTIP and the Healthcare Industry workshop that brought together speakers from companies in all regions.

On September 26, 2014, GACC Philadelphia celebrated its 25th anniversary in the Franklin Ballroom of the Franklin Institute. Chairman Alfred Gollatz remarked that like Philadelphia's founding father, the GACC has faced its share of challenges, but remains an innovative and forward thinking organization. ■



Executive Directors Lindi von Mutius and Lydia Sarson discuss 'women in trade' with Jeanne Nevelos of Select Greater Philadelphia.

Some of GABA's founding members (l-r): Hans Wolf, Ellene Felder-Scharnott, Barbara Afanassiev, Monika Krug, and Stephen Stambaugh





German American
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GACC Philadelphia Welcomes Lydia Sarson

L Lydia M. Sarson is a Fleetwood, PA native who has had a life-long passion for Philadelphia and German culture and business. Lydia has worked at Hamburg Süd North America for the past three years, and previously interned for the Philadelphia Independence Visitors Center. Lydia received her B.A. from West Chester University, triple majoring in International Relations, German, and Russian. At WCU, Lydia ran both the German and Russian Clubs, and was nominated to the Pi Sigma Alpha National Political Science Honor Society and the Alpha Mu Gamma National Foreign Language Honor Society. She also served as a Rotary International Rotex Coordinator and was an active participant in, and volunteer for, the Rotary International Youth Exchange Program. As part of that program, Lydia studied at the Annette von Droste-Hülshoff Gymnasium in Münster, Germany.

What is your connection to Germany?

My connection to Germany started with my Grandmother, Ingeborg. She was my babysitter for the first 5 years of my life and ended up becoming one of my greatest influences. I first started traveling to Germany when I was 14 and was

able to not only reconnect with family, but make friends who would eventually become a part of my family.

I am passionate about German-America business because it is something I want to see succeed – especially in the Philadelphia area. We are so strongly tied to Germany, and that allows Philly to work well as an integration city for German-American business. One thing I learned during my exchange year is that even though our cultures are very similar, there are still a lot of nuances which need to be understood and respected in order for business and relationships to flourish.

What are some of your goals for GACC Philadelphia?

My main goal is to continue the progressive expansion which has happened within the past years. Specifically, I'd like to work with small and mid-sized companies who lie further outside of the Philadelphia region in the Lehigh Valley, Berks and Lancaster Counties, and Delaware. I want to do outreach to those companies who need the support of the GACC and their members in order to grow their establishment as well as continue to nourish the current

Lydia M. Sarson

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members' needs through networking and industry-related events. This organization is only as strong as our members and it is my main goal to assist in strengthening these companies and growing our membership in order to continue the cycle of assistance and support that the GACC has been doing for the past 25 years. ■

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How Industry 4.0 Changes the Manufacturing Industry

By Marc Winterhoff, Roland Berger Strategy Consultants

Going back in time, Western civilization has already witnessed three industrial revolutions. The first improved efficiency through the use of hydropower, the increasing use of steam power and the development of machine tools. The second brought electricity and mass production (assembly lines), and the third and most recent further accelerated automation using electronics and IT.

Now the fourth industrial revolution is underway. However, while some areas will see fast and disruptive changes, others will change slowly and steadily – a more “evolutionary” pace. This time, physical objects are being seamlessly integrated into the information network. The Internet is combined with intelligent machines, systems production and processes to form a sophisticated network. The real world is turning into a huge information system.

In the U.S. this fourth industrial revolution is widely referred to Advanced Manufacturing, while in Europe and particularly in Germany it's referred to as Industry 4.0, which is actually an official program of the German government

“Industry 4.0” provides the relevant answers to the fourth industrial revolution. It is more than the sum of its necessary parts. These parts, such as the “Internet of things”, “maker movement” or “factory 4.0”, are critical elements that, when combined, offer a step-change in the way goods are produced. Within a traditional manufacturing environment this gives us Factory 4.0; an example of what to expect as Industry 4.0 unfolds (see Diagram 2).

The term 'Industry 4.0' is foreign to many American industrial leaders. The concepts it embodies, however, have been critical to the manufactur-



Marc Winterhoff, Roland Berger

ing resurgence in the U.S. since before, and particularly after, the Great Recession. 'Smart', 'Advanced', 'Connected', 'Automated' manufacturing are all variations of the same theme. The traditional, moderate-to-



Diagram 1: US advanced manufacturing hubs

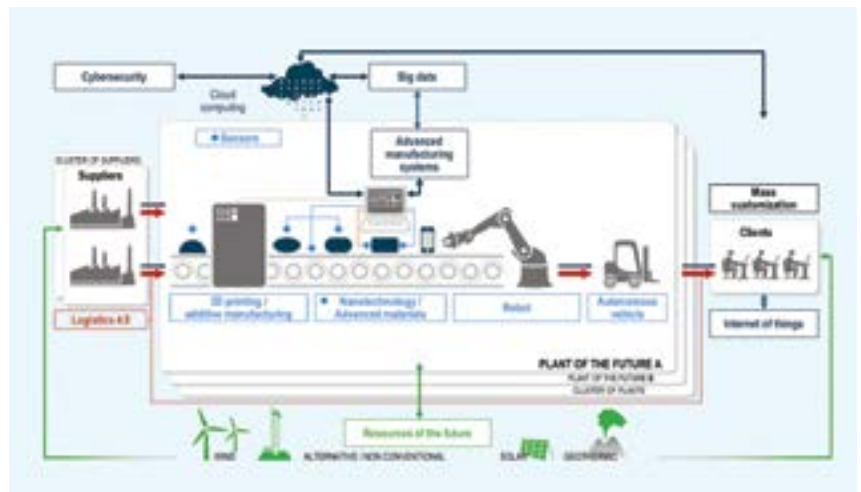


Diagram 2: Factory 4.0 – Overview (example)

high cost manufacturing centers of the world must adapt and modernize in order to maintain industrial relevance. Industry and government have responded and U.S. tech and IT companies are clear leaders in pushing forward Industry 4.0, regardless of what we elect to call it in the U.S.

The US government, like Germany's, has pushed the development of

advanced manufacturing. Two critical initiatives, Investing in Manufacturing Communities Partnership (IMCP) and the National Network for Manufacturing Innovation (NNMI), provide funding and support to attract investment, foreign and domestic, in assuring America's place in global manufacturing (see Diagram 1).

The US combines ability in the

physical manufacturing world with dominance of the IT and high tech worlds. The work to revitalize the US's manufacturing sector by marrying Rust Belt nous with Silicon Valley know-how is starting to show results. The Obama Administration's interest in fostering the cohesion of 'old' manufacturing with 'new' tech can help position US companies to be a fully vested participant in the Industry 4.0 revolution. ■

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Training Tomorrow's Skilled Workforce

By Jasmin Welter, GACC

"Manufacturing is still not sexy and we have at least two missing generations. This makes it impossible to hire qualified high energy people to run our complex CNC machines. We currently have more machines than operators and those machines are run only one shift. If the U.S. wants to focus on manufacturing we need to form our future employees. We need to show them that manufacturing is not a dirty black underpaid hole."

Jan Pflugfelder
President & CEO
KOMET of America, Inc.

The findings of our recent German American Business Outlook 2015 showed it very clearly: German business in the U.S. is growing steadily, with both production and sales on the rise. However, this positive business climate is tainted for many firms.

This is the dilemma many German subsidiaries in the U.S. have been facing: While they are eager to profit from a growing economy with lots of business opportunities, they are held back by a lack of skilled workforce. What used to be a problem of 'How much do I have to invest to get a skilled worker to work in my company' has changed to 'No money in the world can buy a skilled worker, simply because there's no one available on the market right now'.

In line with this, HR departments are changing their procedures, shifting from short term activities to mid- or long term strategies addressing two major questions: 'How can I train my own workforce to get them to the standards I need?' and 'How do I keep them in my company, to secure my investment?'

Given this pressing issue, companies are now taking the matters in their own hands with the help of GACC Midwest. Together they are implementing models that follow German Style Dual Vocational Training as a potential solution to the distinct problems that their industry and/or individual company is facing.

It comes as no surprise that German companies in the U.S. are among the first ones choosing this option when it comes to workforce Development; they are familiar with the system, its outcomes, and its advantages. But the word has already spread far beyond the German business community – U.S., French, Japanese, and Italian companies are joining the programs here in the Midwest to train their own workforce based on their specific company's needs and adhering to the German standard.

Programs such as MAT2 in Michigan, KY FAME in Kentucky, or the new initiative ICATT (Illinois Consortium for Advanced Technical Training), and others show, that the German model of Dual Vocational Training and its standards work in the U.S.





From left: Mario Kratsch, Director, Skills Initiative, GACC Midwest, Mark Tomkins, Vice President GACC Midwest, Uwe Krueger, President and CEO of FTE automotive North America (representing MAT2), Girish Seshagiri, Vice President / CTO, ISHPI (representing CICESS)

Even more important: These are programs designed for small and medium-sized companies. Pooling the resources in these programs ends up in high quality / high standard training models that eventually produce skilled, loyal, and reliable employees.

The advantages of these programs are two-sided: Companies benefit, and so do the trainees. Switching between blocks of on-the-job-training in companies and training at community colleges allows to immediately transfer theoretical knowledge into an on-the-floor environment. Trainees get to inhale the company culture and gain first-hand experience on all facets of what it means to run a business, while at the same time getting a broad theoretical education.

Some of these programs include benefits such as hourly wages, college tuition fee to be paid by the companies completely, or an employment guarantee of up to 2 years after successful completion of the training - leaving the trainees debt-free at the start of their professional career and

with a future perspective totaling up to 5 years. GACC Midwest is partnering with companies, business associations, high schools, colleges, and different initiatives to raise awareness for these models and to inform potential students and local businesses of this option.

In the past and still ongoing, GACC Midwest has been approached numerous times by companies, business associations, economic development agencies and other stakeholders to share its competencies and knowledge; leading to actively promoting, supporting and also managing these training programs.

GACC Midwest is supported by a two-year grant from the Joyce Foundation in its efforts to expand the German dual education model of workforce development in the Midwest. The Joyce Foundation encourages innovative and collaborative regional approaches with the potential for a national reach. With the grant, GACC Midwest hired a full-time specialist to supplement ongoing efforts. ■

Overview of current programs with GACC Midwest on the steering committee:

ICATT – Illinois Consortium for Advanced Technical Training

- German-style dual training at U.S./ German SMEs (e.g. Harting, Herrmann Ultrasonics, Komet, WITTENSTEIN)
- Standardized curriculum for a 3-year training in accordance with the dual training model in Germany (Industrial Technician)

Michigan's Advanced Technician Training (MAT2) Program

- 30+ mid-sized companies participating across 3 community colleges (e.g.: Kostal North America, Inc., Brose North America, Inc., Detroit Diesel (Daimler Trucks North America), Heller Machine Tools LP, Pontiac Coil, Inc., Hirotec America, ZF North America)
- Standardized curriculum for a 3-year training in accordance with the dual training model in Germany (mechatronics, product design & visualization, IT)

Kentucky FAME Program | KY FAME

- 16 companies participating in existing program, expanding to 40+ at 2-4 locations in 2015 (e.g.: Toyota Motor Engineering & Manufacturing North America, Inc., Montplast of North America, Inc., Webasto Product North America, Inc., 3M)
- Standardized curriculum for a 2-year industrial mechanic apprenticeship, with possible expansion to other professions

CICESS – Central Illinois Center of Excellence for Secure Software

- New initiative launching in 2015. German-style dual training for secure software development in Peoria, IL | Companies include AIS, Dell, Illinois Mutual Insurance

For more information, please contact Mario Kratsch, Director, Skills Initiative
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3D Printing Market with Great Growth Potential in the U.S.

By Christian Janetzke, Germany Trade and Invest

Translation from German by Sandy Jones, GACC

During 3D printing (so-called additive manufacturing), liquid or solid materials are layered in such a way as to make a three-dimensional structure, predetermined via a computer. Market experts assume that demand on a value basis for 3D printers (including materials and software) has exceeded the US\$1 billion threshold in the U.S. in 2013. Mainstream analysts expect significant growth in the double digits in the next couple of years.

From 2014 until 2019, the market researcher IBIS World predicts an average growth rate of 15.7% with an increase to US\$3 billion regarding revenue of 3D printer suppliers on the U.S. market. The high expectations are also tied to an increased usage of the technology in the industry sector. Additive manufacturing makes delicate structures possible that cannot be realized by applying traditional manufacturing methods such as milling, turning and drilling.

Great Potential for Industrial Enterprises

In the industry, the technology is mostly used for the manufacture of prototypes for testing purposes in the aviation and automotive sectors. According to Ford, the manufacture of a prototype for an intake manifold using the traditional method will take four months and will cost US\$500,000. For the same result, while applying 3D printing technology, four days and about US\$3,000 are needed. According to a statement by the carmaker, 3D printing is ideal

for the company in view of prototypes as well as applications for niche products passing through numerous development phases.

For the medium term, analysts see great potential in the manufacture of parts. Until now, 3D printers have only been implemented in low numbers for the manufacture of high-end individual parts or for components that have a complicated structure. The market launch of more efficient printers that can process metals and stronger plastics will open the door to industrial manufacturing for the technology, says Jeff Raquet, director of a 3D program at the University of North Carolina.

Compared to classic machining, the technology offers potential to realize a drastic reduction in the use of raw materials. Due to ever-increasing processing of cost-intensive materials (composites made of carbon, fiber glass as well as metal ceramics), this is a decisive argument not least in the aviation industry. Another important aspect in the automotive as well as aviation sector is the weight of the parts that can be manufactured by means of additive manufacturing, which is lower compared to that of conventional products. Both sectors focus more and more on lightweight construction.

Aviation Industry Places Emphasis on 3D Printing Technology

In the aviation industry, the technology is gaining interest in a rapid

fashion when it comes to manufacturing. The aircraft manufacturer Boeing places a strong emphasis on the new technology. In the widebody aircraft "Dreamliner 787" for example, 30 parts are integrated that were manufactured using 3D printing technology. These parts are mostly air ducts and hinges.

One of the worldwide largest aircraft engine suppliers has ambitious plans for the aviation industry. GE Aviation, a subsidiary of General Electric, has announced to invest some US\$ 3.5 billion into additive manufacturing until 2018. By 2020, the company plans to produce approx. 100,000 parts using the new technology. In the future, GE Aviation wants to implement as standard into its new "LEAP" engines 19 fuel nozzles that were manufactured using 3D printing technology. For their commercial production, the company expanded its plant in Auburn, Alabama, for some US\$50 million.

Progress in Eliminating Market Obstacles

Numerous obstacles are however still to be overcome before 3D printing can revolutionize industrial production. For mass production, the speed of the 3D printers that are currently available is not sufficient, say market experts. One of the biggest problems for a commercial breakthrough are the high costs of equipment and material, reports Terry Wholers, President of Wholers Associates, Inc., a specialized market research and consulting firm. The prices of



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.

equipment for industrial usage are mostly between US\$150,000 and US\$500,000. Material costs of products of additive manufacturing systems for the aviation industry are about 50 to 100 times the costs of those used in traditional manufacturing processes, according to Wholers.

However, signs bode well for the medium-term reduction of market obstacles. In October 2014, the announcement of Hewlett-Packard, the California IT giant, caused quite the stir in the sector. The company plans to conquer the market in 2016 with a 3D printer for the industry sector. Wholers explains that this printer is substantially faster than any other product currently available on the market. Competition between suppliers is thus likely to drastically increase and prices will decrease. Wholers anticipates a substantial surge in growth for the broader application of the technology.

Government incentives for the further development of the technology are likely to provide additional impulses. A number of times, President Obama explained the great importance of the technology for increasing the competitiveness of the U.S. industry. Numerous research projects have been initiated. For example, Youngstown State University opened an innovation center for additive manufacturing (America Makes – National Additive Manufacturing Innovation Institute). The public-private partnership project was subsidized with some US\$30 million by the U.S. Department of

Defense. GE Aviation also drives development with intense research. In mid-2013, the company established a state-of-the-art rapid prototyping center for additive manufacturing in Louisville, Kentucky.

The fact that the technology also gains interest in the industry sector outside the automotive and aviation industry gives market observers hope. In the area of consumer electronics, 3D printing is entering parts production (amongst others for circuit boards). Motorola Mobility signed a development agreement spanning several years with 3D Systems Corp. in November 2013. The latter will support Motorola with its technology to realize modular smartphones with interchangeable components. 3D Systems Corp. is to exclusively manufacture many of the required components of the individually combinable smartphones applying 3D printing technology. This also applies to parts such as frames and covers.

Medical Sector with High Demand

Outside of the industry sector, 3D printing also enjoys increasing popularity. The medical sector is the most important customer. Initial prototypes with which organs and skin may be produced have already been developed. Under the heading "bioprinting" a high dynamic is noticeable in research and development. Scientists at Cornell University in New York were for example able to produce a human ear using 3D printing technology. However, there is



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still a number of issues in the area of bioprinting.

While research is still in its infant stages when it comes to the printing of cells, dental technology is hard to imagine these days without the technology. Dental laboratories use 3D printers to produce crowns, bridges and plaster models in a speedy and accurate fashion. There is also increasing use of the technology for the production of hearing aids, contact lenses and prostheses.

In the consumer market, mostly vendors of toys and jewelry as well as the design sector are driving demand to manufacture prototypes for their products. Drastically falling prices regarding 3D printers for home use could make for a drastically increasing market penetration for private households in the medium term, according to IBIS World. A growing number of vendors is focusing on serving the needs of do-it-yourselfers. Some products can be purchased for under US\$1,000. ■

WASHINGTON
★ UPDATE ★

NEWS FROM INSIDE THE BELTWAY

New Year, New Trade Agenda

A Look at the U.S. Trade Agenda for 2015

A significant hope for worldwide growth in 2015 lies in the successful negotiations of several ongoing free trade agreements. In addition to the tremendous potential of the Transatlantic Trade and Investment Partnership (TTIP), the United States is also engaged in bilateral and multilateral trade negotiations, some of which are slated to draw to a close this year. However, in order for these agreements to be approved by Congress and to enter into force, the Administration still needs to be granted Trade Promotion Authority (TPA) by Congress – an issue which remained relevant throughout 2014 and will receive significant attention in early 2015.

Trade Promotion Authority

Trade Promotion Authority bills – also known as Fast Track – have a lifespan of roughly four years, and outline congressional objectives and rules for the Administration to follow while negotiating free trade agreements. They can also list priorities for the content of a trade deal, including labor and environmental provisions, as well as address issues such as intellectual property rights protection. Importantly, TPA guarantees that a completed negotiation text will be subject to an up or down vote in Congress, without the possibility for amendment. U.S. negotiating partners have viewed the absence of TPA for the Obama Administration as a liability, and can be hesitant to make bold offers during negotiations knowing that amendments from Congress could send everyone back to the negotiating table.

With the successful completion of the Transpacific Partnership (TPP) looming, 2014 did see progress towards a TPA bill with the January introduction of the Bipartisan Congressional Trade Priorities Act of 2014 in the House and Senate. With generally trade-friendly Republicans motivated to clear the agenda to make room for new priorities once they assume a majority in both the House and Senate in 2015, the chances look positive for a TPA bill. Nevertheless, shortly after midterm elections the tension built up once again between President Obama and Republicans after Obama's announcement that he would take executive action to update immigration and deportation procedures. The President and Democrats have pushed that this action should not be cause to halt bipartisan cooperation on unrelated topics.

2015 Trade Priorities for the United States

While by no means a comprehensive list, the following section outlines the U.S. trade initiatives that we ought to keep an eye on this year.

Transpacific Partnership (TPP): U.S. negotiators put a tremendous amount of effort into what the Office of the U.S. Trade Representative refers to as the “end game” of the Transpacific



RGIT REPRESENTATIVE of German Industry + Trade

Partnership (TPP) negotiations in 2014 and this sustained effort is likely to continue in the early months of this year. TPP is an ambitious agreement that the United States is negotiating with 11 other countries throughout the Asia-Pacific region (Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam) and consists of 793 million consumers with a combined GDP of \$28.1 trillion. Following meetings in Beijing at the end of last year, neither TPP leaders nor ministers identified a new target for concluding the TPP; however, several TPP ministers have publicly suggested that the agreement could be concluded in the first six months of this year.

Transatlantic Trade and Investment Partnership (TTIP): Alongside TPP, the Office of the U.S. Trade Representative has made the successful completion of an ambitious and comprehensive TTIP a top priority. TTIP, which was formally launched in June of 2013 between the European Union and the United States, aims to boost economic growth in the United States and the EU and add to the more than 13 million American and EU jobs already supported by transatlantic trade and investment. While there hasn't been a formal round of negotiations since the new Trade Commissioner Cecilia Malmström's appointment, she met with U.S. Trade Representative Michael Froman on two occasions late last year in both Brussels and Washington to take

stock of the negotiations and to discuss next steps. The next round of TTIP is slated to take place in early February in Brussels, Belgium.

WTO Trade Facilitation Agreement:

In December 2013, WTO members concluded negotiations on a Trade Facilitation Agreement (TFA) at the Bali Ministerial Conference, as part of what has come to be known as the "Bali Package". 2014 saw a legal review of the package by member countries; however, the TFA and other parts of the Bali Package were called in to question in July of 2014, when a small group of WTO Members blocked adoption of the Protocol of Amendment for the TFA. The United States worked with India in late 2014 to break this impasse, and the General Council endorsed the approach agreed upon by the United States and India last November. Among these compromises was a decision to extend the deadline for developing a work program covering all remaining issues in the Doha Round of negotiations until July 2015.

Trade in Services Agreement (TiSA):

The Trade in Services Agreement was formally launched in 2013 and is focused exclusively on service industries. Drawing on best practices from around the world, TiSA will encompass state-of-the-art trade rules aimed at promoting fair and open trade across the full spectrum of service sectors – from telecommunications and technology to distribu-

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tion and delivery services. Services account for three-quarters of U.S. GDP and 4 out of 5 jobs in the United States. Twenty-three economies – including the European Union and EFTA countries – are presently participating in TiSA, representing 75 percent of the world's \$44 trillion services market. ■

The U.S. and EU are Still on Top

But What Lies Ahead as They Turn 250 and 30?

By Daniel Mahler, A.T. Kearney

The United States and European Union have long been the world's two largest economies (at market exchange rates), and will remain in the top two spots for the foreseeable future. Despite being home to only about 12% of the world's population, the two economies combined account for about 25% of global trade, almost half of all outward FDI flows, and about 70% of the market value of the FT Global 500.

However, the world's two largest economies have performed below their potential in the years since the global financial crisis. IMF estimates show the annual output gap for the U.S. economy has averaged about 4.7% of potential GDP since 2009. While the average annual output gap for EU member economies has

been lower—at only 2.2% of potential GDP—the EU economy was only forecast to exceed its pre-crisis peak of real GDP in 2014, whereas the U.S. economy surpassed its pre-crisis peak in 2011.

Both economies are approaching important milestones in the next decade: in 2023, the EU will turn 30 and, in 2026, the United States will celebrate its 250th birthday. As we anticipate these milestones, it is worth asking where the EU and the United States will be in terms of their economic performance and global competitiveness.

Europe is tentatively emerging from its protracted debt crisis, but still must contend with wide-ranging economic, political, and social uncertainty. Significant challenges

must be addressed, including rising anti-EU sentiment, security threats on its borders, and looming demographic concerns as its population ages. But the largest challenge for the EU economy is faltering economic competitiveness. Nevertheless, reasons for optimism remain. At the national level, Germany remains a global leader in producing industrial products, including automobiles and chemicals, while countries such as Poland have the potential to play a greater leadership role in the bloc. Spain, which was hit hard by the sovereign debt crisis, is showing signs of economic recovery following the implementation of difficult reforms. More broadly, Europe is home to the world's most educated labor force—a valuable resource which has been underutilized due to high unemploy-



Despite being home to only about 12% of the world's population, the United States and European Union economies combined account for about 25% of global trade.

ment rates. Bold political leadership on necessary reforms—particularly to improve labor market flexibility, promote innovation, and strengthen EU institutions—will be required for the continent to maximize the EU's potential in 2023.

The U.S. economy, on the other hand, shows signs it has already turned the corner. Economic performance in 2014 was the strongest it has been in years, and the outlook remains positive. Private sector activity is strengthening as companies increase their level of fixed investment and begin to employ more workers. Consumer demand is rising as a result of both stronger employment numbers and the steady repair of household balance sheets as debts accumulated prior to the global financial crisis

have been paid off. Finally, the shale energy revolution has played a central role in jump-starting the economic recovery, with positive ramifications experienced throughout the economy by reducing the cost of domestic energy and thus improving the competitiveness of U.S. firms. The United States faces medium-term challenges in sustaining its newfound economic growth through 2026 and beyond—namely, declining workforce participation as Baby Boomers retire and the corresponding rise in government expenditures on social security and other social programs for the elderly.

But this is not an either-or proposition. The economies of the EU and the United States are inextricably connected: the United States is the

top market for EU exports, and the EU is the second-largest market for U.S. exports. In addition, the United States and the EU represent each other's largest source and destination for FDI. If leaders of both economies are able to agree on the Transatlantic Trade and Investment Partnership (TTIP) deal in the coming years, their economies will become even more tightly intertwined. As a result, as America approaches its 250th birthday and the EU approaches its 30th birthday, their economies will likely thrive or fail together. ■

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Dr. Daniel Mahler

Daniel is Partner & Head of Americas for A.T. Kearney. He is also a Member of the Firm's Senior Leadership Team. After starting his career at the German American Chamber of Commerce in New York he joined A.T. Kearney 14 years ago in New York. His career in A.T. Kearney included working out of the Berlin and Zurich offices, where he led the Firm's operations in Switzerland before he was appointed to lead the Americas region for the Firm effective January 2013.

He has led half a dozen major global transformations and merger integration programs for multinationals in the automotive, utility and consumer &

retail industry. He is the Firm's lead senior advisor to several large global U.S. based corporations with revenues of up to \$80B.

Daniel has published frequently and is a speaker in the areas of Procurement, Sustainability, Corporate Risk and Volatility Management.

Daniel was named to Consulting Magazine's Top 25 Consultants list in 2008.

He has been a member of the Supervisory Board of Eisenmann AG, Böblingen and member of the Board of Trustees of the Opera Foundation, New York

He has studied in Hannover, Germany and holds a MA and PhD in Communications.



Kevin Heidenreich

Deputy Representative of
German Industry and Trade



From: Friesland, Germany

Interests: Travel, music and soccer

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What Do You like Best about your Job?

Washington, D.C., is a great city if you love politics. I have the chance to meet a lot of interesting people in places with a lot of history. It is an honor to represent German businesses here and I take pride in explaining the importance of German investment in the United States and that we employ over 600,000 people in the U.S. Who doesn't like to talk about success stories?

Most Inspiring Projects?

Like most Germans I am very proud of our vocational training system. That's why I try to explain the basic principles to everyone who can't run away fast enough. Skills development and youth unemployment are serious topics in D.C. at the moment and the

government is especially interested in the dual type of vocational training we use in Germany. We have had a lot of great events about skills in the past and I like to do my bit helping to improve the U.S. education system and giving advice based on our experiences back in Germany.

Upcoming Project?

This year will be crucial for a successful conclusion of the Transatlantic Trade and Investment Partnership (TTIP). There will be a lot of discussion on the hill and that means a lot of work for us. That said, it is a privilege to work on a trade agreement that is bringing the two biggest economies in the world closer together. That project has all the requirements to have a place in history books. ■



Welcome, New Members!

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Event Calendar January 1 – March 31 		January 9 New Year's Reception – Charlotte 	January 15 New Year's Reception & Luncheon 	January 15 German American Business Outlook – West Coast 
January 20 New Year's Reception – Houston Office 	January 20 New Year's Reception – Tennessee Chapter 	January 21 European Business Networking 	January 22 Business Seminar: German American Business Outlook for the South 	
January 22 German Business Roundtable 	January 22 Member Appreciation Event 	January 22 EACC Finance Forum 	January 26 5th Women's Series: Professional Etiquette 	January 27 New Year's Reception – Atlanta 
January 28 Austrian German Swiss Women-in-Business Forum NYC 	January 29 German American Business Stammtisch 	January 29 Annual Economic Forum 	February 5 Seminar on Global Business Policy 	
February 5 MI Chapter: 2015 Winter Networking Event 	February 10 Business Seminar with Arnall Golden Gregory LLP 	February 10 German Business Roundtable 	February 11 German Business Roundtable 	February 17 German American Business Stammtisch 
February 19 Hax'n Essen 	February 23 Meet us at WWETT 	February 25 Seminar "The Affordable Care Act" 	March 5 Art as an Investment in cooperation with RH Gallery, Phillips and Artnet 	
March 12 EACC Women's Forum 	March 17 German American Business Stammtisch 	March 24 German Accelerator NY 	March TBA Women in International Networking Event with Global Philly 	March TBA European Roadshow 

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Volkswagen Group of America with its five brands Audi, Bentley, Bugatti, Lamborghini and Volkswagen is a strong partner of the German American Chamber of Commerce.

Volkswagen Group is continuing its commitment to the U.S. market with an additional \$7 Billion investment in North America over the next five years.

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

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and above the
clouds, we have
one focus:
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