



Financial Center Germany: Banking on the Main (and Beyond)

▶ **Business Barometer:** Bright Prospects

▶ **Hesse:** Beyond (Just) Banking

▶ **Policy Issues:** Focal Point TTIP

▶ **Global Network:** Multicultural Luxembourg



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We are determined to press ahead with regulation of the financial markets – a task we have been working on since 2008. Our aim is to reduce systemic risks and eliminate false incentives. As far as possible, we try to achieve our goals through work on the international level. We also have to preserve the competitiveness of our financial-services locations – on the Main and beyond.

Concerns about competitiveness cannot, however, serve as an excuse to neglect implementation of the necessary regulations just because some countries are not moving forward at the same speed. We do not have comprehensive answers to many of the regulatory questions that are arising in our globalized world, and we have difficulty getting regulations implemented internationally. But the least-willing countries should not be allowed to set the pace for financial market reform. Financial markets cannot be competitive over the long term if false incentives fuel the next financial bubble and usher in the next economic crisis.

In recent years, we have systematically stabilized the financial markets. Stricter capital requirements, resolution systems and living wills for banks, sustainable compensation rules, improved supervision and more transparency – all these directives make market participants act in a more sustainable manner and help redevelop trust.

Directives have helped redevelop trust

But our work is not yet done. Regulatory efforts need to continue as we move forward. In the G20, we are working to regulate the international shadow-banking sector. We are also negotiating for structural reform of the European banking sector to shield system-relevant banks from the risks associated with certain speculative activities. We are also working on the gradual initiation of a financial transaction tax by 11 member states. This year, the EU will introduce a banking union in the form of a joint banking supervisor, followed by common resolution rules and a single resolution mechanism with a clear bail-in pecking order.

During recent negotiations, we succeeded in placing the resolution mechanism on a sound legal foundation, created efficient decision-making processes and instituted a resolution fund financed by the banking sector that will ensure taxpayers are exposed to considerably less risk should a bank get into trouble.

The core idea behind these regulatory reforms is the structuring of incentives so each individual stakeholder makes sustainable decisions. After all, financial markets must be intelligently regulated if we are to reliably secure financing for SMEs, industry and trade as well as for urgently needed projects that benefit society such as the transformation of the energy system and infrastructure development.



Dr. Wolfgang Schäuble
Federal Minister of Finance



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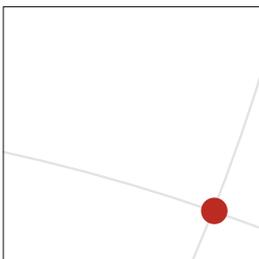
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Banking for the Future

- ▶▶ Fundamental change necessary
- ▶▶ More focus on capital markets
- ▶▶ Benefits of international banks

No longer reeling from the global financial crisis, the international banking and financial services sector in Germany has gained a firmer footing. But not all challenges have abated. New competitors and regulations call on banks to adapt their business models to safeguard the future, and an overall change in thinking toward capital markets and investing in shares would benefit both companies and investors in the country. AmCham Germany member companies describe the lay of the land for staying at the top tomorrow.

End of the Business Model 'Bank'?

Berthold Brecht once said that robbing banks was for amateurs – real pros started their own banks. He might see things differently today.

It is becoming more and more difficult for banks to gain success with their current and long-standing business models. As a result of lower interest rates and banks' avoidance of certain – often riskier, but more lucrative – types of businesses, some areas of the banking sector no longer generate the profits they did prior to the financial crisis, or they have been shut down completely.

In addition, banks face new competitors, such as former corporate clients, who have recognized the advantages of having their own in-house banks and aim to take advantage of the reduced funding costs associated with them. Moreover, innovative payment handlers and financiers are forcing their way into the market.

At the same time, costs cannot be decreased to the same extent. On the contrary: Studies have shown the banking industry in Germany faces

an additional €9 billion in costs – on an annual basis – as a consequence of banking regulations. It is therefore not surprising under these circumstances that most major banks in the country are even more closely scrutinizing their business activities and, if necessary, adapting their business models to safeguard their futures. Banks' ability to generate sustainable profits has also become a focus of banking supervisors, whereas just a few years ago supervisors primarily concentrated on the risk in banks' books.

Banking on the Main no longer appears to be as attractive as it once was. Bankers are asking themselves: Can the next crisis be avoided? Are the consequences of regulation favorable? How will politicians deal with competition from financial centers across the Atlantic and the Pacific? Which services are still worthwhile and desirable under these circumstances?



Regulatory and strategy consulting are now interconnecting

Ulrich Pukropski
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These developments are also leading to fundamental changes in the consulting market: Today, decisive added value is only generated by combining expertise in business-model optimization with outstanding knowledge of banking regulation. Regulatory and strategy consulting – two subjects that belonged to different areas just a few years ago – are now interconnecting. ■

Strong Equities Culture Helps Economy and Investors

In terms of their current economies, Germany is growing, but the US is growing faster.

The Organization for Economic Cooperation and Development (OECD) expects Germany's GDP to grow by 1.7% this year. In the US, though, this figure will rise to 2.9%. Examining investment trends is even more telling: The OECD estimates investment will grow by around 4.3% in Germany this year, whereas it will swell to a hefty 7.7% in the US.

Are differences in economic performance, particularly in terms of companies' willingness to invest, linked to differences in the countries' capital-market cultures? According to 2013 figures released by Deutsches Aktieninstitut (DAI), a mere 13.8% of Germans own shares or equity funds. In the US, however, the share-ownership rate is a massive 52%, according to figures released by the research agency Gallup. The market-capitalization rates for publicly traded corporations in the two countries paint a similar picture: World Bank figures show a mere 43.4% of GDP in Germany, compared with 114.9% in the US.

Differences tied to political and economic systems

These disparities are inextricably bound to the political and economic structures of the two countries. Whereas most Germans continue to rely on the state as the ultimate guarantor of income in old age, Americans have always had to rely on their own resources. And while it is commonplace in the US for company founders to make active use of the capital markets, Germany continues to favor a model whereby entrepreneurs own the company.

Germany can undoubtedly learn from the US capital-market culture – without having to sacrifice its own strengths. A more consistent focus by companies on capital markets and a more distinct interest in shares by investors are two sides of the same coin. The benefits are clear: An initial public offering opens up major funding sources for companies, enabling them to invest in innovative ideas. From an investor's perspective,



Germany can learn from the US capital-market culture

Christoph Lammersdorf
CEO of the Management Board
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a stock-exchange listing makes it possible to participate in opportunities created by innovation.

Change in thinking necessary

At the end of the day, companies need capital and investors will have to find new ways to invest their savings in coming years if they want to maintain their living standards. This means political leaders and companies have a shared responsibility to encourage a fundamental change in thinking aimed at strengthening Germany's equities culture. ■



Win-Win for Germany and the World

Frankfurt/M is a magnet for international banks in Germany. These institutions form an essential pillar in investment banking and foreign trade as well as play a leading role in some markets.

The Frankfurt/M financial center has in recent years earned an excellent reputation that extends far beyond the eurozone and the Continent. The international perception of the city as a leading global financial center reflects this: In the current ranking of the Global Financial Centres Index (GFCI), a preeminent ranking of financial centers, Frankfurt/M improved its position in March this year, moving up five places since September 2011 to reach rank 11.

International financial center: Rhine-Main region

The presence of international banks in Germany, particularly in Frankfurt/M, attest to this high regard: Of the 261 foreign banks in Germany, around 190 are located in the Rhine-Main metropolitan region, with 122 of them directly in Frankfurt/M. With its strong export industry, Germany serves as the core European market for many of these institutions. Many of them act as an

interface to their home countries' export markets, and trade financing is often an essential component of the services they provide.

In some business segments, international banks even play a leading role in such areas as mergers and acquisitions, where nine foreign banks are among the top 10. For stock and bond issues, the picture is similar. International banks sometimes make functioning markets possible at all: At the Eurex derivatives exchange, for example, 487 participating banks around the world traded well over 1.4 billion contracts in 2013, compared with 76 domestic institutions with 121 million contracts.

SMEs benefit from foreign banks

Just how important foreign banks are to the German economy was highlighted by the Deutsche Bundesbank and People's Bank of



The presence of international banks in Germany, particularly in Frankfurt/M, attest to an excellent reputation

Dr. Hanns Christoph Siebold
Member of the Management Board
Morgan Stanley Bank AG
www.morganstanley.de

China's signing of a memorandum of understanding in late March to nominate a clearing bank in Frankfurt/M for the handling of payment transactions in renminbi. This clearing bank is earmarked to be one of five Chinese institutions located in Frankfurt/M. According to the financial center association Frankfurt Main Finance, companies will be able to do business with China in renminbi more easily, more directly, more cost effectively and with less risk once this bank has been named and has begun its work. This is particularly good news for SMEs that will once again directly benefit from the involvement of foreign banks in Germany. ■

Kapferer on Trade, Logistics

Berlin, March 7. **Stefan Kapferer**, State Secretary at the Federal Ministry for Economic Affairs and Energy, met with executives from AmCham Germany member companies to discuss Germany as a business and industry location as well as international trade policies and logistics.



Woidke on TTIP, Energy Policies

Potsdam, April 9. High-ranking representatives from US companies met with **Dr. Dietmar Woidke**, Minister-President of Brandenburg. Attendees discussed current issues related to TTIP, energy policies, the digital agenda and investing in Brandenburg.

Pictured here are (from left): Dr. Wolfgang Dierker, Environment & Energy Committee Chair and Government Relations Committee Co-Chair; Dr. Clemens Doepgen, TTIP Committee Chair; Bernhard Mattes, AmCham Germany President; Woidke; David Knowler, Member of the AmCham Germany Board of Directors; Dr. Nikolaus Lindner, Telecommunications, Internet and Media Committee Co-Chair; and Andreas Povel, AmCham Germany General Manager.

Welcome to Hesse

HOSPITALITY EXPERTS IN HESSE – YOUR DIRECT CONTACT

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TTIP Committee Hosts Series of Meetings with Key Political Leaders

The TTIP Committee held several meetings with political leaders and stakeholders in February and March, stressing the necessity and importance of a transatlantic trade and investment partnership.



Berlin, Feb. 25. **James A. Boughner**, Minister-Counselor for Economic Affairs at the US Embassy, welcomed TTIP committee members to the US Embassy where they voiced the opinions and concerns of US and German companies with regard to TTIP.

Berlin, Feb. 25. **João Vale de Almeida**, EU Ambassador to the US, and James A. Boughner spoke with TTIP committee members during a breakfast meeting at the European Commission Representation in Berlin. **Marie-Therese Duffy-Häusler**, Head of the Representation, provided the introductory remarks.



Berlin, March 26. **Knut Brünjes**, Head of the Subdivision for Trade Policy, WTO, the Americas and Africa at the German Ministry for Economic Affairs and Energy, spoke about the current state of trade negotiations with TTIP committee members. Although the meeting primarily focused on the opportunities and economic growth TTIP would bring, several other crucial topics were discussed. These included the investor-state dispute settlement and regulatory affairs.



TIM Committee Explores Digital Agenda on US Visit

Seattle and San Francisco, April 13-17. Addressing the digital agenda of big data, cloud computing and social media on a US tour, AmCham Germany's Telecommunications, Internet and Media (TIM) Committee visited the West Coast with members of the 18th German Parliament. The program included visits to member companies in the area, including Microsoft, eBay, Facebook, Hewlett-Packard, IBM and SAP as well as to the German-Silicon Valley Accelerator and the startup smaato. The committee also hosted a panel discussion titled "Germany's Digital Agenda – Lessons from Silicon Valley," which included **Peter Rother**, Consul General of the German Consulate General in San Francisco.



Business of Healthcare Committee

Berlin, Feb. 11. This committee welcomed new members of the Parliamentary Committee on Health during a breakfast meeting held with **Michael Hennrich**, MdB (CDU/CSU).

Environment & Energy Committee

Berlin, March 21. **Dr. Sven Olaf Heckel**, Specialist for CDU/CSU Deputy Faction Leader Dr. Michael Fuchs, discussed the Renewable Energy Act (EEG) levy for self-produced power (*Eigenstromerzeugung*) with members of this committee at a Breakfast Briefing. Earlier in the year, AmCham Germany had written to Federal Ministers Peter Altmaier and Sigmar Gabriel, defining a clear stance on revising the proposed amendment to the EEG.

TTIP Committee Examines Green's Agenda for Free Trade



Berlin, April 10. Members of the TTIP Committee met with **Dieter Janecek**, MdB, spokesperson on economic policy for Alliance '90/The Greens. A key discussion point was Janecek's position paper titled "Back to Square One for TTIP: A Green Agenda for Free Trade."

► **For the latest news, developments and progress on TTIP and AmCham Germany's TTIP Committee, please visit www.amcham.de/public-affairs/ttip-the-transatlantic-opportunity.html**



Government Relations Committee

Berlin, March 31. **Peter Beyer**, MdB, Special Rapporteur of the CDU/CSU Parliamentary Group on Transatlantic Relations and the Western Balkans, met with members of this committee at a Policy Roundtable. Beyer, an avid supporter of TTIP, discussed the partnership's opportunities and benefits as well as other current topics including the crisis in Crimea.

Social and Labor Affairs Committee

Frankfurt/M, March 5. During their first meeting of the year, members of this committee examined details of the coalition agreement in terms of labor and social affairs as well as with regard to current developments at the European level. The committee also discussed its 2014 agenda, setting a goal to advocate against the loss of labor market flexibility.

Corporate and Business Law Committee

Frankfurt/M, March 18. Members of this committee met with **Jai Motwane**, the US Trade Representative's negotiating lead on investment issues for TTIP. Motwane made clear that the US would not conclude negotiations on TTIP without an investment chapter.

Tax Committee

Berlin, March 19. During its first meeting of the year, members of this committee met with **Ralph Brinkhaus**, MdB, Deputy Faction Leader of Budget, Finance and Communal Policy. Details of the coalition agreement were a focal point of the discussion at the meeting.

AmCham Germany's policy and issue committees are the main instruments used to develop and deliver members' opinions to the German and US governments.

► **To find current information concerning these committees, please visit our website: www.amcham.de / Public Affairs**

Taking Action in Private-Company M&As

A typical M&A process is vulnerable to principal-agent conflicts between owners and management. Managers, who have significant influence on the success or failure of M&A processes in the majority of cases, can feel threatened by the prospect of a change in control. This is particularly true if the individuals involved feel there may not be a role for them under the new ownership.

This can lead to managers exerting strong resistance to the sale process and ultimately threaten a successful transaction to the detriment of the company's owners. This situation is usually anticipated and addressed – or, more advisably, preempted – by offering generous incentives to management in the form of large bonuses for a successful transaction.

Finance department requires support

One risk to the sale process that is often underestimated relates to inadequate management capacity in a company's finance department. What may have been an efficient department for handling day-to-day business can deteriorate quickly under the pressures of an M&A due-diligence process. As

Owners need to understand the risk of ignoring management limitations

a result, financial due diligence is compromised and the information needs of potential buyers cannot be satisfied. If no action is taken to mitigate this, the situation can significantly damage the perceived value of the company and ultimately jeopardize the entire transaction.

An experienced M&A adviser can identify vulnerabilities early on, lay out the options and define the strategy for the owners. In the end, however, the owners have to make the decisions, so they need to understand they are taking a risk when they decide to ignore management limitations.

Action cheaper than complacency

Conducting vendor due diligence as a proactive measure or employing interim management to support the overtaxed finance department do come at a price. Understandably, owners are reluctant to consider the additional financial burden these actions entail, even after the potential constraints have become obvious. But the damage done by complacency can quickly outweigh the costs, so owners are well-advised not to look the other way. ■



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Adapting to the Power of Smart Devices

Consumers empowered by new online and mobile technology have been a driving force behind recent dramatic changes in banking and retail commerce. Their enthusiasm for making online purchases and using mobile technologies to achieve greater control, satisfaction and value has altered the retail landscape.

Consumers: online and on the go

Consumers now routinely read product reviews and conduct price comparisons while in a store. They pay attention to what their friends say on social networks about the products they purchase and the places they visit. They manage their finances with online and mobile banking, and they regularly use alternative payment methods.

The Universal Commerce experience integrates shopping, payments, marketing, loyalty and financial management.

More and more, it represents a new consumer engagement strategy that companies must pursue if they are to successfully capture the business of increasingly connected consumers.

But while larger retailers are well equipped to adapt to this new environment, smaller, independent players often suffer from a digital divide in terms of connecting with their customers. With many new forms of electronic and mobile payment methods emerging, the time to transform is now.

Businesses: toward a smart device strategy

A key enabler of a Universal Commerce experience is a smart device. Not just a smartphone or tablet; it can also be a smart point-of-sale device. As a result, businesses need to develop strategies that take into account the

power and potential of smart devices. Merchants, for example, must carefully consider which types of smart

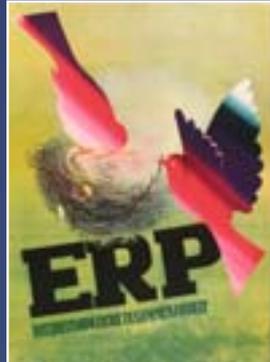
Companies must pursue this strategy to capture the business of increasingly connected consumers

devices best meet their needs: counter-top terminals with advanced business-solution capabilities or mobile devices that accept payments on the go.

Consumers have quickly adapted their smart devices to the shopping experience they desire. In doing so, they have taken the initiative to control many of the influences affecting their purchasing decisions. A smart device strategy as part of a larger Universal Commerce engagement program will provide merchants and other businesses with the technology plan they need to optimize the customer experience. ■



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The Impact of the Marshall Plan Is Still Being Felt: KfW Has Ideas for the Future, Too

▶▶ Sustainable funding concept ▶▶ Support for SMEs and start-ups ▶▶ Other countries learn from model

When the Marshall Plan was introduced in 1948, it laid the foundation for establishing KfW.

led by KfW's first board spokesperson, Hermann Josef Abs, those responsible for the bank made a pioneering decision to issue loans and not grants from the \$1.4 billion of the European Recovery Program (ERP) earmarked to rebuild Germany. This sustainable idea has allowed funding to flow back into the program, and today KfW still draws on ERP assets to grant low-interest loans to start-ups and SMEs.

Primary focus on SMEs and start-ups

Over the years, the principle has remained the same. KfW grants almost exclusively low-interest and long-term loans for a variety of promotional purposes such as to support SMEs and sustainable construction and renovation as well as development, project and export financing. Indeed, SME and start-up financing has always been a focal point of KfW's promotional activities, and in 2013, the percentage of SME financing in the

domestic promotion business totaled 47%. That same year, KfW also helped around 40,000 start-ups get off the ground.

But KfW is only active in places where the market is incomplete and there is a political desire to provide an impulse. After all, promotion is only useful when it does not disturb functioning markets. That is why the concept of subsidiarity forms the basis of the promotional bank's regulatory policy.

Other countries learn from KfW model

This business model has often served as an example. After the fall of the Berlin Wall, KfW advised Hungary and Croatia on establishing a promotional bank and developing SME programs. In the wake of the economic and financial crisis, similar attempts in a number of other EU countries have followed. Individual countries do, of course, have to define what applies to their particular situation. The key issue of refinancing also must be clarified, given that KfW's business model benefits from its AAA rating based on a guarantee by the German government.

But the principle idea remains the same as in 1948: A loan fund can be used for a variety of pro-

motional purposes – for start-ups and companies, for the environment or education. Thanks to the Marshall Plan the promotional bank success story can now be applied to other countries as well. ■



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▶ ABOUT THE COMPANY

KfW is one of the world's leading development banks with a wide range of national and international mandates. With its decades of experience, KfW is committed to improving economic, social and environmental conditions all around the world on behalf of its owners, the Federal Republic of Germany and the federal states. In carrying out its commitment, KfW provided €72.5 billion of funding in 2013 alone.



Pictured here after a successful press conference in Berlin are (from left): Henrik Tesch, Microsoft Deutschland; Andreas Povel, AmCham Germany General Manager; Prof. Burkhard Schwenker, Roland Berger Strategy Consultants GmbH; Bernhard Mattes, AmCham Germany President; and Ralf Brinkmann, Dow Deutschland.

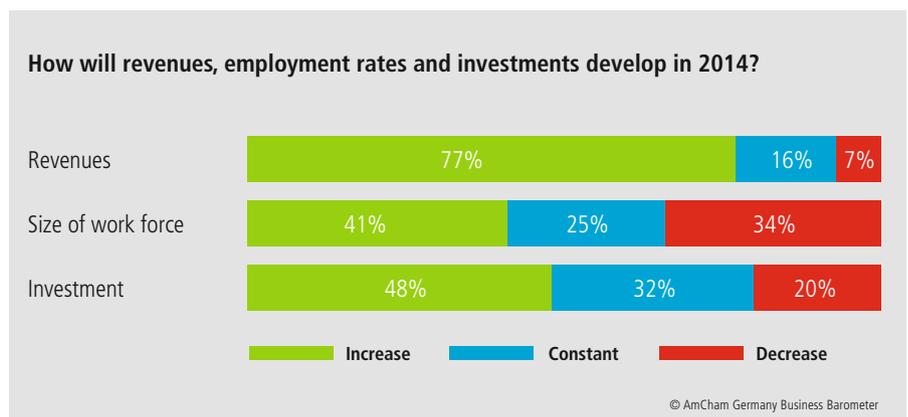
XI AmCham Germany Business Barometer: US Companies Confident about the Future

Business prospects in Germany are bright, the results of the XI AmCham Germany Business Barometer suggest: Nearly four out of five US companies in Germany anticipate increased revenues in 2014 and almost half intend to boost investments. Germany's new energy policy, however, is causing cost concerns. If the country hopes to compete with Asia as an investment location over the long run, the economic environment must remain attractive.

The exclusive survey, carried out in cooperation with Roland Berger, gauged Germany's appeal to US investors by enlisting the help of dozens of US companies with a combined economic footprint in Germany of 192 billion in annual revenue and 177,000 employees. "US companies here look to the future with great confidence," said AmCham Germany President Bernhard Mattes at a press conference and Parliamentary Breakfast held in Berlin to present the survey results. "Our questionnaire shows that Germany remains popular with US investors."

Among the many results substantiating this positive outlook are the revenue expectations for 2014: Nearly four out of five (77%) companies foresee increases, while another 16% foresee

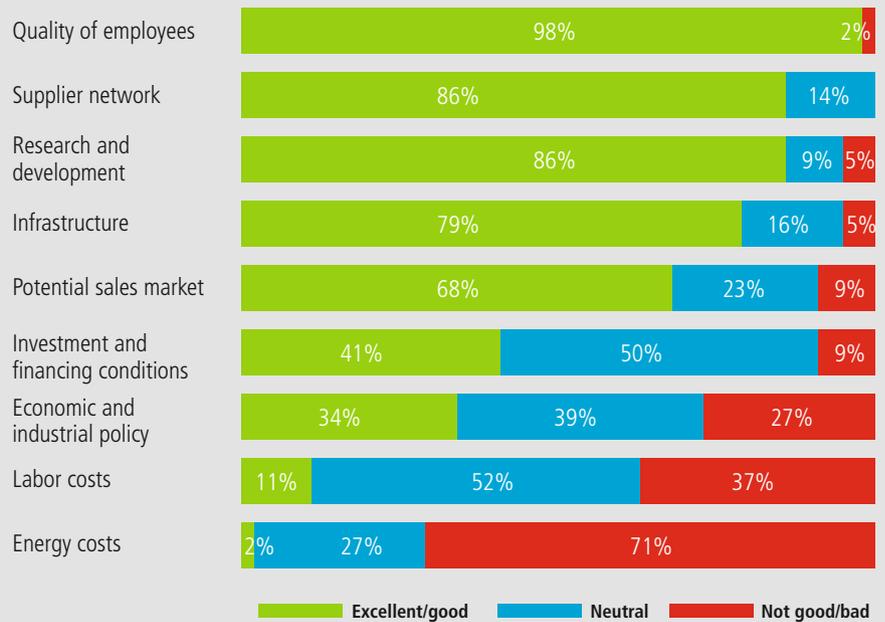
constant and 7% decrease. For employment, 41% of companies expect to increase their workforce, 25% expect it to remain constant, and 34% expect a decrease. Regarding investment, 48% of companies plan to increase their investments, 32% plan to keep them constant, and 20% plan to decrease them.





AmCham Germany President Bernhard Mattes welcomes members of the German parliament to the Parliamentary Breakfast held in Berlin.

Germany's strengths and weaknesses as a business location¹



1. Multiple responses possible

© AmCham Germany Business Barometer

revenues equaling last year's numbers. In addition, almost half of the companies (48%) plan to boost investments while 41% expect to hire new employees.

According to survey participants, there are a number of reasons Germany is such a strong investment location. The highly qualified personnel (98%), excellent supplier network (86%), strength as a location for research and development (86%), infrastructure (79%) and potential as a sales market (68%) were cited as key factors.

On the other hand, many US companies see room for change regarding Germany's economic and industrial policy. About one-quarter (27%) regard these issues as a major concern. Germany's energy policy in particular is viewed negatively, with 71% of US companies citing energy costs as a risk.

It is clear that if Germany wants to remain the top business location in Europe and stay ahead of Asia, TTIP will play a key role. In this area, respondents are optimistic: Approximately 80%



Political leaders listen attentively to AmCham Germany President Bernhard Mattes explain a key point from the Business Barometer during the Parliamentary Breakfast in Berlin.

anticipate TTIP will reach a successful conclusion and provide a much-needed surge in growth. "If the two largest economic areas on the planet are able to agree on a comprehensive partnership now, we will be able to set global standards," Mattes stated.

► For more information or to download this year's Business Barometer, please visit www.amcham.de / Publications



Hesse: Beyond (Just) Banking

▶▶ Banking is in its blood, but Frankfurt/M, the Rhine-Main region and the state as a whole are also all about airport logistics, cutting-edge industries and IT.

▶▶ **Tarek Al-Wazir**, Hesse's Minister of Economics, Transport and Urban and Regional Development, joins **Dr. Rainer Waldschmidt**, CEO of Hessen Trade & Invest GmbH, and **Dr. Mark C. Hilgard**, AmCham Germany Rhein-Main Regional Committee Chair, to crunch the numbers on this financial powerhouse.

▽ *In which industries is Hesse particularly strong, and how can companies tap into this infrastructure with their investments in the region?*

▲ **Waldschmidt:** A total of 190 domestic and foreign banks, including the European Central Bank and Deutsche Bundesbank, are headquartered in Frankfurt/M and provide jobs to 63,000 people in the region. The ICT (information and communication technologies) sector is also a force in Hesse: It comprises about 10,300 companies with 105,000 employees. Another key industry is logistics and distribution, which employs 200,000 people in two major hubs in the state.

▲ **Al-Wazir:** The large number of international banks in Frankfurt/M makes it easy for foreign investors to find their preferred financial partner,

and the stock exchange Deutsche Börse provides the kind of financial services needed by the real economy. The many universities, laboratories and technology-based enterprises also provide excellent partners for research and manufacturing.

▲ **Hilgard:** The state's high-tech industrial companies are successfully combining their area of focus with the software and services sectors, and this is transforming Hesse into one of Europe's most modern industrial regions.

▽ *Why is Hesse an attractive business location?*

▲ **Al-Wazir:** Hesse is located right in the middle of the large European market with 500 million consumers, who can quickly and easily be reached with air, road and rail transport.

▲ **Waldschmidt:** The airport in particular offers a huge advantage to new investors setting up their European or German headquarters. Companies can tap the expertise of the airport's logistics sector to seamlessly deploy their products while their visiting clients can take advantage of the easy access afforded by nonstop flights to Frankfurt/M from all major cities. Hesse also offers a superb quality of life at a cost of living significantly lower than in other European cities like London or Paris.

▲ **Hilgard:** Whether it's about moving people and goods or information, nowhere else in Europe offers companies and investors shorter distances and faster connections than Hesse. The Frankfurt International Airport is Europe's third-largest passenger airport and largest cargo air-

port, and the state is home to the most important Internet exchange point on the continent.

▽ *Are there any exciting up-and-coming economic sectors in Hesse that investors might not yet associate with the region?*

▲ **Waldschmidt:** Hesse is not only one of Europe's IT hotspots, it is also a strong player in such dynamic industries as automotive, the life sciences, pharmaceuticals and optics.

▲ **Hilgard:** The state is also home to multiple high-tech sectors that generate significant revenue and exports. These include such R&D-intensive sectors as ICT, bio and environmental technology, and materials technology.

▲ **Al-Wazir:** IT security, ambient intelligence and the future of the Internet are big research topics on and around the University of Darm-

stadt. We are also seeing interesting new technical developments in the fields of advanced materials, e-mobility, battery recycling and automation. And innovation in photonics has created world champions, many based in central Hesse.

▽ *How does the AmCham Germany network in Hesse assist companies to take full advantage of the region?*

▲ **Hilgard:** AmCham Germany is a well networked organization of people with specialized knowledge, expertise and dedication. The Chamber's sector-specific committees offer companies an excellent opportunity to exchange views on a wide range of topics and to engage in joint activities, while its events and conferences provide a superb platform for networking. A melting pot of German and American businesses, the Rhein-Main Chapter is the largest in the Chamber and plays a strong role in fostering transatlantic relationships.

▲ **Waldschmidt:** Chamber members have access to a powerful global network. They can draw on the expertise of AmCham Germany's staff as well as the know-how of other members. New US investors can learn from other US investors who have already established their businesses in Germany.

▲ **Al-Wazir:** AmCham Germany works closely with the economic development agency Hessen Trade & Invest GmbH and is a reliable partner that shares the conviction: Hesse. There is no way around us. ■

▶ **For more information on doing business in Hesse and about AmCham Germany committees active in the area, please visit www.amcham.de**



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UNLOCKING POTENTIAL

Hannover, Feb. 12. The US market is full of business opportunities for German companies in the automation technology sector. At this event, jointly sponsored by AmCham Germany, the Hannover Chamber of Commerce and Industry (IHK) and the German American Chamber of Commerce in Atlanta and Chicago (AHK), business leaders from across Lower Saxony gathered to

find out how to unlock this potential and steer clear of pitfalls. Pictured here are (from left): Dr. Klaus Hüttinger, IHK Braunschweig; Nicole Hoffmann, Kühne & Nagel Bremen; Virginia Ataway-Rounds, AHK Chicago; Beate Rausch, IHK Hannover; Prof. Ulrich von Jeinsen, Lower Saxony Regional Committee Chair; Peter Schoch, Rockwell Automation; and Silke Miehle, AHK Atlanta.



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TRADE-FAIR TRENDS SPOTLIGHTED

Düsseldorf, March 18. **Werner M. Dornscheidt**, CEO of Messe Düsseldorf GmbH, was the featured speaker at this Business Luncheon. The head of the international trade-fair venue explored major trends in his industry for the large group of attendees, which included business and political leaders from the region. A spirited discussion and question-and-answer round followed Dornscheidt's remarks. Pictured here are (from left): Dornscheidt and Dr. Alexander Schröder-Frerkes, North Rhine-Westphalia Regional Committee Chair.



PRIVATE EQUITY PACKS A PUNCH

Munich, March 13. As Managing Partner and head of Permira Beteteiligungsberatung GmbH's Frankfurt/M office, **Dr. Jörg Rockenhäuser** is highly versed in the power of private equity. In his keynote speech at this AmCham Germany Forum, he discussed the crucial role private equity can play in driving transformation and creating value. His points resonated well

with the audience of more than 140 private equity experts who continued to discuss Rockenhäuser's points during the networking reception and buffet that followed the speech. Pictured here are (from left): Andreas Würtenberger, Bavaria Regional Committee Co-Chair; Rockenhäuser; Christian von Sydow, Bavaria Regional Committee Co-Chair.



SKETCHING THE EU TAX LANDSCAPE

Frankfurt/M, April 3. While some tax laws are not harmonized across the EU, legal decisions made by the European Court of Justice are growing increasingly important for companies and EU member states. As part of the joint AmCham Germany-PricewaterhouseCoopers (PwC) Expert Briefing series on international tax highlights, **Prof. Jörg Mössner**, member of the PwC Scientific Advisory Board, and **Christof K. Letzgas**, Partner at PwC, briefed attendees on key developments in European corporate tax regulations and what they mean for business. Pictured here are Mössner (standing) and Letzgas (seated).



FULL HOUSE FOR ENERGY

Düsseldorf, Feb. 12. Germany is leading the way on renewables so it is no surprise that almost 100 decisionmakers from the business and political communities turned out at this Business Luncheon to hear **Dr. Bernhard Reutersberg**, Member of the Board of Management at E.ON SE, speak on the German energy transformation and international competition. Event participants



pictured in the photo on the left include (from left): Angela Freimuth, FDP Parliamentary Group in the State Parliament of North Rhine-Westphalia; Georg J. Paschwitz, Deutsche M&A AG; and Claudia Wüsthof, Teekanne Group. Pictured in the photo on the right is Reutersberg (left) and Dr. Alexander Schröder-Frerkes, North Rhine-Westphalia Regional Committee Chair.



ENERGY AND CLIMATE PROTECTION

Frankfurt/M, March 20. As Germany pushes forward with its energy transformation, both old and new topics emerge in the public debate on what form these changes should take. Addressing a large audience at this Business Luncheon, **Dr. Peter Blauwhoff**, CEO of Deutsche Shell Holding GmbH, added to the discussion with his observations about the future in a speech titled "Energy and Climate Protection – What Does the Future Hold?" Pictured here are (from left): Dr. Mark C. Hilgard, Rhein-Main Regional Committee Chair; Blauwhoff; and Fred B. Irwin, AmCham Germany Honorary President.

WOMEN AND BUSINESS

Frankfurt/M, Feb. 20. At this Business Luncheon, coauthor of "Frauen sind die besseren Manager" (Women Make Better Managers), **Dr. Sylvia Rothblum**, SVP and Managing Director of German Speaking Territories, Warner Bros. International Television Distribution, discussed the strengths of women as managers. Pictured here is Rothblum addressing the audience.



A FURTHER TAKE ON TAXES

Leipzig, March 25. PricewaterhouseCoopers corporate tax experts, **Dr. Dorit Seiler** and **Birgit Thalhammer**, both of the company's Leipzig office, tackled key issues and developments in German tax policies at this Expert Briefing. Current changes and ongoing trends in international and national tax law as well as the value-added tax and real estate transfer tax were focal points of the tax specialists' presentation. Pictured here is Thalhammer making a point about the 2013/14 tax year while Seiler and participants listen.



CUTTING TO THE CHASE ABOUT TTIP

Stuttgart, March 18. The fundamental importance of TTIP to German industry was the core focus of the address made at this Business After Hours event by **Dr. Nikolas Stihl**, Chairman of ANDREAS STIHL AG & Co. KG. In his remarks, Stihl discussed innovation, tradition and the establishment of free market access by creating a level playing field for all participants in the

market. Held at the Stihl plant in Waiblingen, the event also featured a tour of the production facility. Pictured here are (from left): Prof. Gerhard Wegen, Baden-Württemberg Regional Committee Chair; Dr. Bertram Kandziora, ANDREAS STIHL AG & Co. KG; Stihl; and Oliver Karpf and Bernhard Muthsam, both members of the Baden-Württemberg Regional Committee.





Multicultural Luxembourg: A Haven for Businesses

▽ *Why is Luxembourg an interesting investment location for US investors?*

▲ Luxembourg is a great place for American (and other international) companies to invest and establish their European headquarters. Taxes are lower than in surrounding countries, and the government is approachable and business friendly. Furthermore, administrative procedures related to establishing and managing companies are less bureaucratic. Luxembourg is also very multicultural, multilingual and international: More than half the country's inhabitants and working population are foreign born, and there is a robust infrastructure of international schools, restaurants, cinemas and cultural activities to make international people feel comfortable and welcome.

▽ *What are some key facts about the economic partnership between the US and Luxembourg?*

▲ Right after World War II, Goodyear, DuPont and General Motors along with other major US manufacturers established themselves in Luxembourg. They remain the biggest manufacturers in Luxembourg today. Luxembourg later experienced explosive growth in its financial sector, with the seven largest US banks coming to play a dominant role along with State Street,

Fidelity and other US mutual fund managers. More recent growth has been in the IT sector. Amazon, Skype, IBM, HP, Cisco and various US gaming companies play leading roles in this sector.

▽ *How will TTIP benefit Luxembourg?*

▲ Luxembourg offers the kind of comprehensive infrastructure international businesses need, which makes it an ideal location for a company's

headquarters. US companies interested in Europe as a result of TTIP will find Luxembourg an ideal fit for their European headquarters.

▽ *How does AmCham Luxembourg support its members?*

▲ As a member-funded organization, AmCham Luxembourg exists to support its members. The Chamber does this by actively listening (to learn what members want and need), creatively solving problems (through a well-established committee structure, the Board and the Executive Committee), effectively communicating (over the phone, in personal meetings, at events and through the Chamber's news magazine, Connexion), networking (at events and through personal introductions) and interacting with and lobbying key government ministries and their staff. ■

▶ ABOUT AMCHAM LUXEMBOURG

AmCham Luxembourg is the largest private Chamber of Commerce in Luxembourg and warmly welcomes both US and non-US companies. With an internationally distributed quarterly news magazine and seven committees that host more than 40 events each year, AmCham Luxembourg provides information, networking and problem-solving services in English to its members as well as actively lobbies the government to promote an expat-friendly living and business environment. The Chamber is approaching its 20th year in Luxembourg and has established the contacts, credibility and reputation to be "inside" the system where it can effectively communicate and smooth the way for companies.



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The Banking Industry: A Reliable Partner for Business

▶▶ Reforms create stability ▶▶ German advantages should be retained ▶▶ Industry must take action

Germany as a banking center is on the best path to becoming more stable and more resilient than it has ever been before. Most of the credit for this goes to the reforms made after the financial crisis.

Policy makers have done an excellent job to prepare the regulatory framework in Germany and Europe to face the future while also creating a uniform set of rules and regulations. The EU banking union is a prime example. Its Single Supervisory Mechanism and the Single Resolution Mechanism for ailing banks will make the financial sector more secure in the long term and minimize cost to taxpayers. German policy makers were the driving force behind many of these initiatives. Their words carry weight, both on a European and global level, including in the G20 and on the Financial Stability Board.

As satisfied as we may be with what we have achieved so far, we must keep an eye on the cumulative impact of the new rules – and maintain the advantages of the German banking system. The universal banks, for one, have been a reliable partner at their clients' side for 200 years. They offer a comprehensive range of services from a single source, both at home and abroad. The three-pillar model has proven itself in Germany, especially during the financial crisis. This mix of private commercial banks, savings banks and cooperative banks gives the financial center its strength and stability.

However, our industry has to act. The financial sector is working hard to win back the trust that it has lost as a result of the mistakes of the past. Ongoing dialogue with policy makers, businesses and other stakeholders in society

is essential to this process. Banks want to do their part to secure financing for companies and strengthen the environment for investment in Germany. Deutsche Bank takes this responsibility very seriously. As a leading global universal bank, it will remain a reliable partner – especially for business. ■



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German Ambassador Ammon Speaker at Executive Forum

Frankfurt/M, Feb. 3. As part of the AmCham Germany Executive Forum event series, German Ambassador to the US **Dr. Peter Ammon** addressed the topic of transatlantic perspectives in times of global shifts in power. Around 50 business leaders came hear Ammon share key issues from the Munich Security Conference, including demonstrations in the Ukraine, the situation in Syria, the future role of Europe and the US concerning security and the conclusion of TTIP. Pictured above are Andreas Povel, AmCham Germany General Manager; Dr. Bernhard Düttmann, LANXESS AG; Ammon; and Dr. Rainier van Roessel, LANXESS AG.

Speaker's Luncheon at Union International Club

Frankfurt/M, Feb. 4. Around 130 political and business leaders turned out to hear AmCham Germany President **Bernhard Mattes** speak at the Union International Club's Speaker's Luncheon. Titled "Transatlantic Trade, Investment and Union – Opportunities for World Trade," Mattes' address emphasized the importance of TTIP as an instrument for unlocking potential growth and boosting innovation in Germany and the US. Pictured here are (from left): Detlef Braun, Messe Frankfurt; Barbara von Stechow, Union International Club e.V; Mattes; Andreas Povel, AmCham Germany General Manager; and Nikolaus Freiherr von Verschuer, Union International Club e.V.



New Chair for Health Care Committee

Dr. Gerd Kräh is the new chair of the Health Care Committee. Kräh serves as the Director of Government affairs at Lilly Deutschland GmbH.

We mourn the loss of our former member



Alfons Martens

From 1997 to 2006, Martens was as an individual member of the Chamber. His presence at events will be missed.

He is in our thoughts.

American Chamber of Commerce in Germany

amcham germany in the press



US companies aren't fans of the energy transformation

Germany's energy transformation is causing worry among US companies doing business in the country. Seventy-one percent believe rising energy costs put the attractiveness of Germany as a business location at risk, indicated AmCham Germany on Tuesday as they shared the results of [the Business Barometer]. The companies were also critical of the high labor costs: Only 11% found them excellent or very good. Every fifth top

manager expressed concern that business conditions would get worse in coming years.

"This skepticism is a warning signal," said AmCham Germany President Bernhard Mattes. "Germany should not become more expensive as a business location." Nevertheless, the companies want to expand their involvement in Germany. Almost 50% plan to boost investments, and 41% intend to hire new employees.

(Translated from the original German article as it appeared in the Handelsblatt on March 18, 2014)

Solid reasons for free trade

[...] The TTIP negotiations are not about deregulation or creating an exclusive club. The US is our most important strategic partner when it comes to geopolitical matters. Only by working together can we develop and establish high global standards for the 21st century.

TTIP will also enable us to take a leading role in the development of fair regulations for world trade. —By creating shared principles for the protection of intellectual proper-



Atlanta Business Day Highlights TTIP, US-German Internship Program

Atlanta, Feb. 25. AmCham Germany joined BridgehouseLaw Atlanta to hold the Annual AmCham Germany Business Day for the fifth consecutive year. The event highlighted the importance of TTIP for the European and US economies and hosted representatives from ElringKlinger AG and TRUMPF Inc. as well as other companies who shared their expectations for the transatlantic agreement to boost their companies' growth and prosperity. Discussions also focused on the current issue of data security and the crisis of trust. A second event focusing on new opportunities for German family businesses in the US followed on Feb. 26.

Also following the day conference was the official kickoff of this year's round of the US-German Internship Program. Twenty-nine students will complete three-month summer internships with renowned member companies to gain international experience and learn about German business culture. They will be greeted during a welcome ceremony on May 13 before starting their individual internships.

ANNUAL AMCHAM GERMANY BUSINESS DAY SPEAKERS

- **Peter Ernst Fischer, Head of Economic Affairs, German Embassy, Washington, DC**
- **Peter Beyer, MdB (CDU/CSU)**
- **Karl-Theodor zu Guttenberg, former German Minister of Defense and Minister of Economic Affairs and Energy**
- **Burke Doar, TRUMPF Inc.**
- **Dr. Stefan Wolf, ElringKlinger AG**
- **Christoph Sander, German Consul General, Atlanta**
- **Dr. Christoph Rückel, BridgehouseLaw Atlanta**
- **Andreas Povel, AmCham Germany General Manager**

ty, the access to raw materials and the handling of state-owned companies, these regulations could have an impact that reaches far beyond the transatlantic region – and provide significant impulse to the world trade system.

(Translated from the original German editorial written by Ulrich Gillo, President of the BDI – Federation of German Industries, and Bernhard Mattes, AmCham Germany President, as it appeared in the Frankfurter Rundschau on April 1, 2014)

'We won't be giving up "Made in Germany"'

[...] ITN: Is this show of solidarity on both sides of the Atlantic to be interpreted as a united front against Russia and Putin's unilateral actions in Crimea?

Bernhard Mattes: Relations between Europe and America have historically been close. The way Russia has acted in Crimea has drawn criticism from both Europe and the US. Nevertheless, it would be a mistake to sever communications with Russia, and we

hope that the situation can be resolved diplomatically.

ITN: Let's look at consumer protection and environmental standards. Many concerns raised are related to these issues. The overriding fears arising out of the public debate focus on chlorinated chicken or genetically modified food. What do you think about fears like this?

Bernhard Mattes: I think many [sic] of these concerns have arisen out of ignorance of what is currently being discussed. First of all, we have to

grasp the enormous complexity of the agreement. We should also make clear that we will not be giving up "Made in Germany" – just as the Americans weigh in with their strengths. It is above all our ability to innovate and our research and development resources that allow us to compete globally and shape the future. Taken together, they will lead to the establishment of standards that can only benefit consumers. [...]

(Source: International Trade News, April 3, 2014)



▽ *What aspects of transatlantic relations work best?*

▲ It is the combination of adherence to common values, Germany's integration into NATO, the protection of our security through the presence of the American military in Germany, trade, mutual investments and the exchange of people – students and professionals – that has laid the foundation for a fabric of strong relations between the US and Germany/the EU over the last six decades.

▽ *What changes to the transatlantic relationship are necessary?*

▲ No doubt there have been recent strains in US-European relations, caused among other reasons by the NSA issue. At the same time, Russian expansionism provides new threats and/or revives old ones that were believed to have been resolved. The proposed TTIP offers the opportunity for economic growth in the US and even more in the EU and in Germany but so far lacks popular support. In light of these developments, we need to remind ourselves that despite the growing significance of other areas of the world, close ties between the US and the EU are a *conditio sine qua non* for our common security and prosperity. We need to rebuild trust and loyalty, and we must be honest with each other in order to be able to face these challenges and to win the necessary popular support for, among other topics, TTIP, a common stance vis-à-vis Russia and the need for the EU and Germany to shoulder a greater share of NATO's defense efforts.

▽ *What was the last book you read?*

▲ "Speeches that Changed the World"

▽ *What is your favorite German or American food or dish?*

▲ My most preferred German food is "stew of Swede (*gelbe Rübe*) with lamb." In the US I prefer, besides steaks, lobster served in Philadelphia at this very popular traditional restaurant – Bookbinders – where all American presidents have been guests.

▽ *Who, living or dead, do you admire most?*

▲ Going more than 200 years back in history, King Friedrich the Great, who established the modern Prussian state and the rule of law, because of his discipline.

More recently, Konrad Adenauer, the first chancellor of the Federal Republic of Germany, and John Foster Dulles, the former US secretary of state, who were the main architects of Germany's integration into the West; Ronald Reagan, Michael Gorbachev and George H.W. Bush, who made Germany's reunification possible; Prof. Kurt Masur; Nelson Mandela; and Dr. Wolfgang Schäuble for his persistence.

▽ *What is your favorite place in the US or Germany and why?*

▲ In the US: the Philadelphia area, the cradle of US democracy, with its beautiful suburbs like King of Prussia, Gladwyne, Valley Forge, Bryn Mawr and Ardmore with its beautiful parklike landscape; Boca Raton for its sun; and New York, of course (no reasons necessary) and, just outside the US, beautiful Vancouver, Canada (for me, one of the most beautiful cities around the globe).

In Germany: many places, with a small favorite being Baden-Baden, with its famous grand hotel Brenners Park-Hotel & Spa, and the Black Forest area.



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► **ABOUT THE COMPANY**

AIG is the world's largest insurance organization, with more than 88 million customers around the globe. AIG is a leader in property casualty insurance, life insurance and retirement services, mortgage insurance and aircraft leasing. But AIG is more than the sum of its parts.

AIG is a network of over 62,000 people in more than 90 countries who come together every day to take on the world's new challenges. AIG has people who believe that with the right values and hard work, anything is possible. AIG knows that when it's at its best, AIG allows each and every one of its customers to be at their best, to realize their dreams and find success every day.

And AIG knows that thanks to its investment in the latest data technology, combined with its spirit of inventiveness, tomorrow is going to be amazing.

Together, AIG is working to help see, build and secure a better future for everyone.



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This quick reference tool features an overview of the range of services provided by AmCham Germany members. Take advantage of this free marketing service and register today!

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Save the Date!

The **Eighth Annual Transatlantic Business Conference**, jointly organized by AmCham Germany and the F.A.Z.-Institut, will be held on Nov. 11-12 in Frankfurt/M.

► For ongoing updates, please visit www.transatlantikkonferenz.de/en

Handbook for Company Executives

AmCham Germany member company ABELN Rechtsanwalts-gesellschaft has published the second edition of "Handbuch für Führungskräfte" by Dr. Christoph Abeln. The renowned labor-law specialist provides practical advice on what executives should consider when assigned to particular tasks, whether relegated or expatriated. AmCham Germany members receive a 20% discount when buying the book.



► Visit: www.amcham.de/services/discounts-and-offers



Handbook on Country Risks

"Handbuch Länderrisiken 2014" is a 432-page compendium of country risks that also provides a compact overview of economic and political conditions in foreign markets covering 160 countries. The German-language book available for €98 also provides information on key economic figures, payment security and specific industries in selected countries.

► Visit: www.laenderdienste.de

Corporate Responsibility Book

AmCham Germany and the F.A.Z.-Institut will jointly release "Corporate Responsibility 2014" as an online and hardcopy book on June 6. This ninth report explores such topics as sustainable production and consumerism; energy and environmental protection; health promotion and human resources.



► Visit: www.amcham.de/publications/corporate-responsibility.html

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Our topics will include:

- Food Policy: Ingredients for Success
- Special Report: 2014 Annual Membership Meeting
- US-German Internship Program: Interns' Arrival



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<p>AmCham Germany 2014 event highlights</p> <p>Please see www.amcham.de for the latest updates</p> <p>Light blue = events wholly or partially in English</p>		<p>June 2</p> <p>Business Luncheon</p> <p>Rainer Wieland, MdEP Vizepräsident des Europäischen Parlaments Topic: Erste Einschätzung der Wahlen zum Europaparlament am 25. Mai</p> <p>Stuttgart</p>	<p>June 5</p> <p>Summer Barbecue</p> <p>Düsseldorf</p>		<p>June 11</p> <p>Business Dinner</p> <p>Alfred Schopf Vorstandsvorsitzender Leica Camera AG Topic: Leica – Das Führen einer Premiummarke</p> <p>Dresden</p>
<p>July 4</p> <p>Fourth of July Summer Barbecue</p> <p>Frankfurt/M</p>		<p>July 17</p> <p>AmCham Germany Forum</p> <p>Prof. Klaus Mangold Vorsitzender des Aufsichtsrats TUI AG</p> <p>Munich</p>		<p>July 25</p> <p>Summer Barbecue</p> <p>Munich</p>	<p>Sept. 10</p> <p>International Summer Business Barbecue</p> <p>Dresden</p>
 <p>© BÜNDISGRODIE GRÜENEN</p>	<p>Sept. 12</p> <p>Business Luncheon</p> <p>Tarek Al-Wazir Hessischer Minister für Wirtschaft, Energie, Verkehr und Landesentwicklung</p> <p>Frankfurt/M</p>	<p>Sept. 16</p> <p>AmCham Germany Forum</p> <p>Ingo Kramer Präsident & Hauptgeschäftsführer BDA – Bundesvereinigung der Deutschen Arbeitgeberverbände</p> <p>Munich</p>	<p>Sept. 18</p> <p>Fall Board Meeting</p> <p>Berlin</p>		<p>Sept. 24</p> <p>Business Luncheon</p> <p>Götz W. Werner Gründer und Aufsichtsratsmitglied dm drogerie-markt</p> <p>Stuttgart</p>
<p>Oct. 6</p> <p>AmCham Germany Forum</p> <p>Dr. Ulf Mark Schneider CEO & President Fresenius SE & Co. KGaA</p> <p>Hamburg</p>	 <p>© Fresenius medical care</p>	<p>Oct. 9</p> <p>AmCham Germany Forum</p> <p>Roland Koch Chairman of the Executive Board Bilfinger SE</p> <p>Stuttgart</p>	<p>Nov. 11-12</p> <p>Eighth Annual Transatlantic Business Conference</p> <p>Frankfurt/M</p>  	<p>Nov. 14</p> <p>AmCham Germany Forum</p> <p>Prof. Roland Berger Vorsitzender des Aufsichtsrates Roland Berger Topic: Europas Rolle in der Weltwirtschaft</p> <p>Munich</p>	
<p>Nov. 27</p> <p>Thanksgiving Dinners</p> <p>Düsseldorf, Frankfurt/M and Hannover</p>		<p>Dec. 4</p> <p>Winter Board Meeting</p> <p>Berlin</p>	<p>Dec. 4</p> <p>Goose Dinner</p> <p>Berlin</p>		<p>Dec. 21</p> <p>Swinging Christmas</p> <p>Dauner & Dauner</p> <p>Stuttgart</p>

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