A transatlantic game changer

Workplace 4.0

DOSSIER
Going all digital: Skills and talent still matter

INTERVIEWS
GMF President Donfried and Bayer CEO Weinand on transatlantic relations

POLICY UPDATE
Digitalization check: US companies as pioneers
New opportunities in North Rhine-Westphalia. Your investment location No. 1 in Germany.

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Dear Reader,

After receiving positive feedback on our relaunch of commerce germany, we plan on keeping every issue just as exciting. We’ll stick to a sleek, new look and a unique perspective on European-American affairs. But most importantly, our magazine will remain a place for members to hear from experts in the field, learn about key issues and make the voice of transatlantic business heard.

Our current issue focuses on a topic that’s on everyone’s lips: Workplace 4.0. Whether digitalization, globalization or individualization — our world is changing at breakneck speed. The big question is: What does all this mean for the way we work and do business? How should we as a society — and as companies — foster future talent? And what business skills are necessary to make the digital workplace a success?

Nobody knows what the future holds, but we’re convinced that the opportunities of digitalization outweigh the risks. This issue’s Cover Story is written once again by Stefan Theil of Handelsblatt Global Magazine and touches on how we can benefit from robots. In keeping with this topic, Stefano Scabbio of ManpowerGroup and Andreas Schwaiger of Texas Instruments describe how skills, talent and manufacturing will change in the future.

In our Policy Update, we showcase the results from a survey we conducted among American companies on technological change. For a closer look at our policy work, we present you with political voices and provide insight into our Social and Labor Affairs Policy Committee. But that’s not all. While digitalization requires flexibility and lifelong learning, transatlantic cooperation is also paramount to success. In this issue’s Viewpoint, Prof. Sabine Remdisch, Director at Leuphana University of Lüneburg and Visiting Researcher at Stanford University, examines the attitudes and mind-sets German companies can adopt to maximize their innovative potential.

Last, but definitely not least, Dr. Karen Donfried, President of the German Marshall Fund and former policy adviser to former President Barack Obama, talks in an interview about the liberal international order and current economic challenges. In addition, Dieter Weinand of Bayer AG provides more insight into the current state of transatlantic business.

Without a doubt: A great deal has been happening in the transatlantic partnership. Especially in these unsteady times, our commitment to building bridges, fostering dialogue and serving as the voice of transatlantic business remains unwavering.

Enjoy reading,

Bernhard Mattes

Bernhard Mattes
AmCham Germany
President
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11th Transatlantic Business Conference in Frankfurt/M on Oct. 25-26

The conference will address the following topics: transatlantic trade and investment, artificial intelligence and the future of manufacturing.

Speakers include John Boehner, Senior Strategic Advisor, Squire Patton Boggs and former Speaker of the US House of Representatives; Peter Altmaier, Head of the Federal Chancellery and Federal Minister for Special Tasks; Brigitte Zypries, Federal Minister for Economic Affairs and Energy; Dr. Hans-Ulrich Engel, CFO and Member of the Board of Executive Directors, BASF SE; Dr. Alwin Mahler, Managing Director, Global Partnerships DACH, Google; and Karl-Theodor zu Guttenberg, Chairman and Founder, Spitzberg Partners LLC.

IAA President’s Dinner with Daimler executive

Martin Daum, Member of the Board of Management of Daimler AG, was the keynote speaker at AmCham Germany’s President’s Dinner held on the occasion of the International Auto Show IAA in Frankfurt/M. Daum talked about transatlantic cooperation in a globalized world. Now responsible for Daimler’s global truck business, Daum lived in the US for the last eight years where he led his company’s US business in various executive roles. Knowing both markets inside out, he stressed, "This can only mean one thing. We must never tire of promoting the benefits of unencumbered trade. Overall, nations have always profited from joining the global marketplace — and they have always suffered from leaving it.”

Shaping the future of AmCham Germany — NextGen Initiative

AmCham Germany launched the project in 2016 with the goal of reaching out to young leaders in our member companies. On Sept. 19, US Consul General James W. Herman invited the NextGen Steering Committee and the AmCham Germany Board of Directors for a dinner at his residence to discuss the mission of this new initiative and NextGen’s vision of transatlantic relations.

New Executive Committee member: Microsoft top executive Sabine Bendiek

Sabine Bendiek, Chairwoman of the Management Board, Microsoft Germany, was elected to AmCham Germany’s Executive Committee as Vice President in May. Bendiek is committed to fostering transatlantic dialogue. In this issue’s “AmCham Germany Asks” (p. 27), Bendiek stresses that even if political views may sometimes differ, it is much more important to keep up the conversation and strengthen mutual trust. She has been Chairwoman of the Management Board of Microsoft Germany since January 2016. Prior to joining Microsoft Germany, Bendiek held the position of Vice President and General Manager at EMC Germany.

Talking with political leaders: Top Level Meetings

AmCham Germany is continuing its dialogue with political decisionmakers at the federal and state levels. Top Level Meetings will take place in October and November with the newly elected Minister-President of North Rhine-Westphalia, Armin Laschet, as well as Winfried Kretschmann, Minister-President of Baden-Württemberg; Olaf Scholz, First Mayor of Hamburg; and Annegret Kramp-Karrenbauer, Minister-President of Saarland.

AmCham Germany will meet Armin Laschet during a Top Level Meeting in October.

Photos: Daniel Biskup, Microsoft Deutschland, NRW CDU
The 114th Annual Membership Meeting held on May 19 in Frankfurt/M offered members and guests a platform to discuss digitalization and its opportunities. It became clear that talking about a culture of innovation is one thing, while understanding and influencing it is another. Every company has its own way of achieving an innovation culture. The importance of data in the digital age was also emphasized. Put in a nutshell, Jackson Bond, Co-Founder, Chief Product Officer of relayr, said that “data is the new oil.” Businesses are data dependent and data is a key asset. In a fireside chat Ambassador Peter A. Selfridge, Global Head of Digital Government, SAP, stated: “Technical and IT training are key for the workforce of the future.”
The other focus of the meeting was on how Germany, Europe and the US can reap the benefits of the digital transformation by enhancing transatlantic cooperation. Keynote speakers included R. Alexander Acosta, US Secretary of Labor, Dr. Thomas Schäfer, Minister of Finance of the State of Hesse, and Peter Frey, Editor-in-Chief of ZDF. Dr. Karen Donfried, President of the German Marshall Fund, said: “My hope is that we really will continue to wrestle with these issues — whether it’s automation or digitalization — in a transatlantic context.”

**Mattes reelected President**

At the meeting, Bernhard Mattes was reelected as President of AmCham Germany for two more years. In his next term, Mattes wants to expand the Chamber’s role as the voice of transatlantic business by focusing on meetings with political decision makers, content-oriented events and publications, and a policy committee structure that reflects the Chamber’s advocacy work.
1. AmCham Germany President Bernhard Mattes on a tour of the PwC Experience Center at the Recognition Dinner during the 114th AmCham Germany Annual Membership Meeting.

2. The opening speech on improving workforce skills was held by R. Alexander Acosta, US Secretary of Labor, US Department of Labor.

3. Ida Tin, CEO, Clue by BioWink GmbH, with host Dr. Gregor Peter Schmitz, Head, Berlin Bureau, “Wirtschafts-Woche”, during a discussion about “How to set innovative trends in the financial industry.”

4. Impression of the audience applauding the speakers of the 114th AmCham Germany Annual Membership Meeting in Frankfurt/M.

5. Teri Plummer McClure, Chief Human Resources Officer and Senior Vice President, Labor, UPS, attended the panel discussion about “How to foster a culture of innovation in the corporate world.”

6. Dr. Peter Frey, Editor-in-Chief, ZDF Zweites Deutsches Fernsehen, held the dinner speech on good journalism in a new media environment.

7. The welcoming remarks were presented by Kent Logsdon, Chargé d’Affaires ad interim, US Embassy Berlin.

8. Lisa Kruse and Patrick Schwinke, E.R. Schiffahrt, presented the NextGen Initiative. Since they could not be in Frankfurt/M, they sent a video message.

9. Discussion about “How to inspire a culture of opportunity” with Jackson Bond, CPO, relayr.
The fears that robots and artificial intelligence will displace human workers are overblown. As digital technology reshapes the workplace, we will need robots to maintain our standard of living.

TEXT BY STEFAN THEIL
Should we be afraid? Bill Gates, Elon Musk and Stephen Hawking think so. The Microsoft founder believes that robots will obliterate entire job sectors within 20 years, including drivers, warehouse workers and cleaning staff. Star physicist Hawking says the arrival of artificial intelligence (AI) will "extend this job destruction deep into the middle classes." Tesla founder Musk believes that "there will be fewer and fewer things a robot cannot do better" than a human.

As digital technology fundamentally reshapes the workplace, these scenarios look increasingly realistic. This summer in the Bavarian town of Ansbach, Adidas ramped up production at its state-of-the-art "SpeedFactory", where legions of robots produce sports shoes, with only a handful of human workers overseeing the machines. On European highways, Daimler and Volvo have been testing self-driving trucks, a technology that could put millions of truck drivers out of work. Earlier this year in Japan, Fukoku Mutual Life Insurance laid off employees processing insurance payouts and replaced them with an AI system based on IBM’s Watson computer — which IBM claims can "think like a human." The jobless future, it seems, is already here today.

Before you start to worry, however, consider that rapid technological change has always come with predictions of doom. Open a German schoolbook from the 1980s and you’ll find dire warnings about mass unemployment and social dystopia certain to result from desktop computers. In the 1920s, the spread of the assembly line led to panic among workers that they’d be automated out of their jobs. Or go back to the Luddites, workers who destroyed British textile mills in the nineteenth century as a protest against the arrival of machines. Yet each time, technology created many more jobs than it wiped out. Farmers, blacksmiths and typesetters became mechanics, engineers and office workers — at better pay for fewer hours. Thanks to innovation, the world has seen unprecedented advances in prosperity, employment, human welfare and living standards.
Those who argue that this time is different point to the accelerating pace of technological change. This time, they say, it’s not just factory jobs such as stitching sneakers that are being replaced by machines. Smart robots, powerful computer algorithms and early forms of AI are rapidly advancing into all kinds of middle-class jobs previously considered safe from automation. There are now robots performing medical surgery, algorithms processing bank loans and even programs writing journalism articles such as stock-market news and sports reports. Automated driving could soon make not just truckers obsolete, but taxi and Uber drivers as well. In the US, as many as 47 percent of all jobs are under threat from automation over the next two decades, according to a landmark study by Oxford University academics Carl Frey and Michael Osborne.

Yet here, too, it makes sense to be careful. Studies predicting job losses have been wildly inconsistent. Even Frey and Osborne say that a job affected by automation won’t necessarily disappear, because humans usually find ways of working with the machines they create. Take the spread of accounting software in the 1970s and 80s, which eliminated many bookkeeping tasks. The number of accountants and auditors has skyrocketed nonetheless. Legal software was expected to eliminate the need for paralegals, but their number has increased, too. Similarly, self-scanning machines have made supermarkets more productive, helping to fuel an overall rise in retail-sector employment. Often, it’s the nature of a job that shifts, and thanks to greater productivity from automation, overall employment goes up as well.

Perhaps the robots will come just in time. Ruchir Sharma, Chief Global Strategist for Morgan Stanley Investment Management, says that we’ll need robots and AI to offset the effects of demographic change. Writing in Handelsblatt Global Magazine, Sharma argues that without the help of automation, we will not be able to retain—let alone raise—our
standard of living as societies age and human work forces shrink. In the past, the solution to worker shortages has usually been immigration, but Germany alone would have to let in (and train) more than 500,000 immigrants every year until 2050 to offset the economic impact of its aging population. Given the rising global backlash against immigrants, robot workers seem a more realistic and less divisive solution. In the future, Sharma writes, economists may start regarding robots the way they now regard gains in the working-age population, as a driver of growth.

For a glimpse of this robotic future, take a look at Japan. At Osaka University, scientists have created stunningly life-like humanoid robots that are expected to take over more and more tasks as Japan’s workforce continues to shrink. To help care for a growing army of seniors, Japanese nursing homes are already deploying robots. Whether by accident or design, some of the countries with the most rapidly aging populations also have the most robots — including South Korea (53 robots per 10,000 workers), Japan (305) and Germany (301). These three champions of industrial automation enjoy low unemployment as well as powerful manufacturing sectors, suggesting they are finding a smart, employment-friendly way to implement automation. In fact, in some of the most highly automated sectors — such as automobile production — employment actually rose.

None of this means we can relax and don’t need to adapt, on the contrary. The shift in skills required by the next generation of automation is immense, as it impacts not just routine labor but increasingly complex, white-collar tasks. Adapting will require three things. First, education and training are essential. The OECD estimates that 65 percent of today’s children will find themselves working in professions that don’t exist yet. Secondly, for those who are already working today, rapid digitalization places an even higher premium on life-long learning. Even if their professions don’t entirely disappear, their required skill sets are likely to be very different just a few years from now. And thirdly, companies and governments must help those who can’t adapt to the fast pace of disruption. Finding work for the four million Americans who could lose their jobs as driverless cars and trucks take to the road is just one such challenge. The required changes in social policies, labor laws and educational systems could be immense.

And these policies will not come cheap. That’s why the European Parliament recently debated about a tax on robots to help finance the retraining of workers affected by automation. Rapid economic shifts from digitalization and automation could also intensify the debate about inequality and redistribution. That’s because the gains from the new technologies disproportionately benefit an adaptable, highly-skilled elite as well as companies (and their investors) that are reaping the gains from automation. There is little reason to believe in apocalyptic scenarios, but we will all have to work hard to adapt. Just like the blacksmiths and typesetters of yore.

Humans usually find ways of working with the machines they create
A new mind-set for European business

TEXT BY SABINE REMDISCH
Silicon Valley offers a new mind-set to fuel German innovation

I see Silicon Valley as a network of people and ideas, and my experience has been that every idea can be improved when it is shared with enthusiastic peers. There is a palpable culture of innovation, permanent change and development. Silicon Valley is fast, disruptive and driven by entrepreneurial spirit — as well as an unprecedented culture of failure. Here, failure in founding a company leads to second, third, fourth attempts — whatever it takes until a successful idea can be realized and the first million pours into the account. There is a distinctly different risk culture than in Germany, which promotes experimentation, reaching limits and even the possibility of miserable failure. Both entrepreneurs and companies want to create new, exciting ideas and move on them with speed, zeal and curiosity. This combination of knowledge, drive and a strong culture of networking is a recipe for success in Silicon Valley and an excellent example of how we can structure the future of business in Europe.

The question then arises as to which methods, attitudes and mind-sets German companies could adopt to advance their ability to innovate. Naturally, attitudes and mentalities can’t be altered or transplanted, and rather must develop; however, certain principles and methods can be adopted that develop a culture-changing power. An example of this is promoting a spirit of entrepreneurship and encouraging networking between companies and universities. Look at Stanford University: companies come and go on the campus regularly, send guest representatives, and encourage joint projects with researchers and students. This interaction leads to innovation and economic impact. The many commercial successes stemming from Stanford are a demonstration of the innovative power that can be created by an entrepreneurial spirit in combination with knowledge and resources. According to the Stanford Alumni Innovation Survey, companies formed by Stanford entrepreneurs create annual worldwide revenues of nearly $3 trillion.

A focus on cooperation, networking and entrepreneurship has resulted in a lasting, meaningful culture of innovation at Stanford and in Silicon Valley as a whole. This innovative culture is a key factor in shaping companies successfully; and despite differences between Germany and Silicon Valley, there are lessons to be learned for the future of European business.

In Germany, we have companies with histories of sustainable success and traditions based on values, standards and efficient process management. Unlike, for example, Google, which was launched as a digital company with a digital business strategy, Germans and, more generally, production-oriented firms are now starting their digital transformation and looking for new digital business models. In the course of this digital transformation, they must question their past methods. The main challenges we face now are encouraging employees to undergo a "mind-set shift" and, especially, motivating leaders to be open to innovation and change.

I often get questions regarding the fundamental difference between German companies and Silicon Valley, and it is true that Germany and Europe as a whole have a unique ecosystem and way of doing business. However, we should not let that stand in the way of implementing the best practices of Silicon Valley, but instead recognize that they must be adapted for the European ecosystem and designed for the strengths and characteristics of the German and European economies. I would like to see German companies proactively using the ideas of Silicon Valley to move to the front of the pack, instead of always trying to catch up.

In Workplace 4.0, we are seeing the emergence of a skills revolution where helping people upskill and adapt to a fast-changing world of work is the defining challenge of our time. Digitalization and growth in skilled work will bring opportunities as long as organizations and individuals are ready.

Employers in the US expect automation and the adaption to digitalization to bring a net employment gain. In a ManpowerGroup survey,¹ 21% of employers say they intend to increase their headcounts as a result of automation, but only 4% intend to decrease them. Within Europe, an average of 16% expect their workforces to increase. But large differences exist among the surveyed countries: Italian employers are most optimistic, with 39% intending to employ more individuals. In Germany, 13% plan to expand and 14% to decrease their workforces due to the changes brought about by digitalization.

Technology will replace both cognitive and routine manual tasks so people can take on non routine tasks and more fulfilling roles. Creativity, emotional intelligence and cognitive flexibility are skills that unlock human potential and allow people to augment robots rather than be replaced by them. Skills adjacency, agility and learnability will be crucial.

The future of work will require different skills, and employers need to focus on reskilling and upskilling people more than ever before to address today’s talent shortages and anticipate the demands of tomorrow. Almost three-quarters of employers around the globe are investing in internal training to keep their workforces’ skills up to date. A total of 42% are recruiting additional skill sets rather than replacing them and more than one-third are easing the transformation by bringing in contractors or third parties to transfer expert skills to their own workforces. The survey shows the main differences between the US and Europe is that American employers focus less on external training and outside experts when it comes to ensuring an organization has the skills required for technological advances in the workplace.

Now is the time for executives to be responsive and responsible. The rate of technological advances and globalization will not slow down, but we can invest in employees’ skills to increase the resilience of our people and organizations.

Flexibility and digitalization will strongly shape the workplace of the future. Increasingly, data will arrive around the clock, seven days a week, thus driving the need for new action. This will require flexibility in many areas and a move toward an anywhere-anytime approach demanding substantial initiative and motivation from employees. Companies need to prepare for these developments by establishing the right organizational structures and defining work regulations. These need to allow room for flexibility while at the same time guaranteeing a sufficient work-life balance for individuals. The legislative environment must also be capable of adapting and adjusting to these new circumstances. This is something Germany needs to proactively address in the immediate future.

Digitalization will not only change office jobs, but also the manufacturing environment. As companies look to boost productivity, people in positions requiring lower qualifications will face increasing challenges from automation. Rather than just cutting the workforce, however, smart repurposing can create new job roles. We are in the early phase of this development. But in Germany we’re at risk of being too skeptical and less open to such changes. This causes us to move too slowly and limits our ability to consider the vast opportunities that early adoption of digital concepts could help us realize. Just think about how much data will be available, which can create value and competitive advantages when used intelligently. Digitalization requires a new way of thinking. These developments are also driving the need for a different approach to education, as required skills and qualifications change and increase. Work will be different, more complex and intense — but also more interesting.

The German educational system has a solid foundation that enables students to pursue a variety of paths, a trait that distinguishes it from other countries including the US. The economic and scientific communities must work together to ensure we are making the best use of our strengths by adapting the educational system to meet the needs of tomorrow — new ways of learning must be developed quickly. Rather than focusing on the complexities, we must view these developments as an exceptional opportunity. We must learn from the American can-do attitude so we don’t miss out.
Das Beste aus zwei Welten.

Elegant, unkompliziert und effizient: Der Ford Mondeo Hybrid wird mit seinem wegweisenden Antrieb allen Ansprüchen an eine zeitgemäße, alltagstaugliche Limousine gerecht. Während er auf kurzen Strecken und bei niedriger Geschwindigkeit rein elektrisch angetrieben wird, schaltet er bei erhöhtem Leistungsbedarf intelligent auf den 2,0-l-Benzinmotor um. Das Ergebnis: Kraftstoffeffizienz und begeisterte Fahrer.

Abbildung zeigt Wunschausstattung gegen Mehrpreis.

Kraftstoffverbrauch (in l/100 km nach VO (EG) 715/2007 und VO (EG) 692/2008 in der jeweils geltenden Fassung): Ford Mondeo Hybrid, 40,64 cm (16")-Leichtmetallräder: 2,8 (innerorts), 5,0 (außerorts), 4,2 (kombiniert). CO₂-Emissionen: 99 g/km (kombiniert).
Growing stronger through close collaboration

INTERVIEW WITH DIETER WEINAND

COMMERCE GERMANY: What is your personal take on German-American trade relations?
DIETER WEINAND: German-American relations, no matter whether in trade or any other sector, have always been mutually beneficial. Both in the US and Germany, we must recognize this as our common basis of understanding and cultivate it further. As mutual benefit can only arise from close collaboration, the most important precondition is that we continue to invest in our historic partnership in different areas. Personally, I am convinced that our collaboration will prevail. Therefore, I am very confident and optimistic about the future of German-American trade relations.

Is there hope for a future free trade agreement?
I believe there is, although such an agreement may not look exactly as may have been expected under the previous administration in the US. In recent decades, the European and American economies have grown closer together and now form the largest economic area in the world. Therefore, I see significant common ground, despite all the publicly expressed skepticism. My company, Bayer, is a good example that has benefited from transatlantic value chains and global trade opportunities. Our presence in the US dates back to the mid-nineteenth century. Since then, we have significantly expanded our footprint in the US, which today includes investments in advancing scientific research and the development of innovative pharmaceutical products. We, therefore, support all kinds of trade positions that are perceived as fair on both sides of the Atlantic and expand our opportunities to create true value for patients and societies.

What is the greatest challenge for your company in the transatlantic environment?
The challenges facing Bayer’s Pharmaceuticals Division, which I lead, are generally very similar in Europe and the US. However, they are not primarily linked to the transatlantic environment and do not prompt us to adjust our transatlantic agenda. Their origins rather lie in the common challenge of how to properly care for an aging population and the role and value of innovative pharmaceutical treatments in addressing this challenge.

So overall, would you predict a hopeful future for transatlantic relations?
Absolutely! I am convinced that both sides need each other, and that constructive and mutually beneficial discussions will continue.

Dieter Weinand has led the Pharmaceuticals Division of Bayer AG since August 2014 and has served as a member of the Board of Management at Bayer AG since January 2016. He was born in Germany, grew up in the US and is now based in Berlin.
'The liberal international order is under challenge'

INTERVIEW WITH DR. KAREN DONFRIED
PRESIDENT OF THE GERMAN MARSHALL FUND (GMF)

COMMERCE GERMANY: We’ve read that you have a real connection to Germany. Where did that come from?
DR. KAREN DONFRIED: I studied in Heidelberg when I was in college and then completed a Magister in Munich. My professional connection is that my interest in college was international relations. This was during the Cold War — I’m kind of a dinosaur [chuckles] — and at that time Germany was, of course, the border between East and West. It was fascinating politically and strategically.

And so my interest in fostering a strong German-American relationship is deeply embedded in my personal history and my belief that the world is a better place if the US and Germany work closely together.

The GMF was born out of the conviction that transatlantic cooperation is paramount to global security and prosperity. How would you describe the status of German-American relations today?
The German Marshall Fund of the United States was created thanks to a generous gift from the then-West German government back in 1972 to say thank you to Americans for the Marshall plan. And they wanted the GMF to work in the spirit of the Marshall plan, which I believe means in the spirit of this liberal international order based on democratic systems of governance, free market economies, rule of law and rights of the individual.

That order is under challenge today. It’s under challenge from rising powers like China and a newly aggressive Russia. But it’s also under challenge from our own citizens, many of whom feel that they are not the winners of globalization. And I think these waves of populism that we see on both sides of the Atlantic are something we have to take very seriously. And we have to ask: Why is it that these wide swaths of our public don’t feel well served by our economic governance, by our political governance? And I think that is a critical task we have to face together.

What other pressing economic issues do you see the transatlantic partners facing right now?
I think we face a great number of economic challenges. Part of that is from this global shift in economic power in countries that don’t necessarily share the same values and principles that have undergirded this system. That’s why I personally was quite sad that the current US government is not pursuing the Trans-Pacific Partnership, to name one example.

And this is not just an argument about free trade. If you look at past history and facts, you’ll see there is no question the US economy and the German economy have been well served by ever-greater free trade. But it’s also a political and strategic argument that if the US and its European allies want to make clear the benefits of this rules-based order, there’s no better way of doing it than by extending that order. This would be why I would hope we could get back to pursuing that strategic agenda.
In an age of protectionist and isolationist tendencies, what do you think we can do to foster a culture of cooperation?

When we think about cooperation across the Atlantic, cooperation at the national level is critically important, of course. But I would encourage us to also look at subnational cooperation. It could be mayors, it could be governors. What are the things we can learn from each other across the Atlantic?

I would also highlight a role for business here. The business relationship we have across the Atlantic is related not only to the free trade agenda we were just talking about. It’s also about European investment, or, specifically, German investment, creating American jobs. There are so many examples of this, and the impact on local economies in the US is not solely limited to jobs.

The vocational training we have in many American cities was encouraged by German companies. So I would encourage us to think more broadly about what cooperation consists of and how we buttress it at all levels.

Do you see a future for a trade agreement between the US and the EU?

During the election campaign in the US, neither candidate spoke in glowing terms about free trade. And there was a clear expectation when President Trump came into office that there wouldn’t be much movement on a free trade agenda.
And, of course, we know he is not going to pursue the Trans-Pacific Partnership. Yet there seems to be optimism about other free trade agreements.

The US-UK trade agreement is something President Trump has spoken positively about. But one of the things that many of us heard coming out of President Trump’s meeting with Chancellor Merkel was that he had raised the prospect of a German-American agreement on trade. She made clear that this was impossible because Germany has devolved authority over trade to the EU. In that meeting, he seemed quite open to an EU-US trade agreement. And he seems to actually define that as a bilateral agreement now. So I would say let’s take advantage of that window of opportunity and test it to see if there is a real prospect.

We don’t know what the outcome of this will be. It’s a good thing we are collectively trying to come to terms with it now. And my hope is that we really will continue to wrestle with these issues — whether it’s automation or digitalization — in a transatlantic context.

What about digitalization then?
In terms of digitalization, I hear this slur GAFA [Google, Apple, Facebook and Amazon], these American tech companies that are dominating. Europeans say we need to protect our citizens from this. These American tech companies see this as thinly veiled protectionism from the European side. We need to have a healthier debate around these issues rather than pointing a finger at each other. I hope we can move there.

We’d like to end on a more personal note: Is there something people don’t know about you that they might be surprised to find out?
I’m sure there are lots of things [laughs]. But one might be that before I moved back to the GMF — I actually have a long history there — I served in the Obama administration and I’m very proud of that.

People might also be surprised to hear that I also served in George W. Bush’s administration. I handled the Europe portfolio on the policy planning staff at that point, first under Secretary of State Colin Powell and then briefly under Secretary of State Condoleezza Rice. My hope is that in the US we can bring a less partisan view to foreign policy because I think that’s in the interest of my country.

Workplace 4.0 is a key emerging trend. What priorities should be established to prepare the workforce for the future of automation and digitalization?
There is a fascinating debate about the future of work and what automation will mean for the workplace. And no one knows. The reason there’s such a robust debate is that you have very smart people on each side, some arguing there is no question this is going to have a tremendous impact on jobs and that we just won’t have the same level of employment that we have today.

Others point to different examples in history where you’ve had leaps forward on technology that have not necessarily resulted in fewer jobs overall and, in fact, in many cases have led to more higher-quality jobs.

We need to have a healthier debate around these issues rather than pointing a finger at each other. I hope we can move there.

The interview was conducted on May 19 during the 114th Annual Membership Meeting in Frankfurt/M. Donfried was also a guest speaker at an AmCham Germany Business Luncheon held in Munich on July 17 and at an AmCham Germany Breakfast Discussion held in Stuttgart on July 19.
In our section **POLICY UPDATE**

we regularly provide you with current information about AmCham Germany’s advocacy work. As the voice of transatlantic business, we’re committed to having an open ear for our members and conveying their interests to relevant political leaders, think tank members and other stakeholders in Germany, Europe and the US. Strong transatlantic ties are the guiding principle of our policy committees, which comprise an important pillar of the Chamber’s portfolio.

## Political voices:
The future of work

**Katja Mast**
*Member of the German Parliament*
*Committee on Labor and Social Affairs*
*Spokesperson for the SPD Parliamentary Group*

**Karl Schiewerling**
*Member of the German Parliament*
*Committee on Labor and Social Affairs*
*Spokesperson for the CDU/CSU Parliamentary Group*

“**Ongoing further education** and on-the-job training are keys to Work 4.0. Skills must be adapted to the new demands of current technologies, the greater focus on services and increasing globalization. For these reasons, we need a modern infrastructure for our educational facilities.”

“**Skills are rapidly changing** in a digitalized working world. That’s why we have to massively invest in advanced training to prevent the devaluation of qualifications. Germany has to further develop its Federal Employment Agency into a Federal Agency for Employment and Qualification plus establish a legal basis for the right to advanced training.”

**Katja Mast**
*Member of the German Parliament*
*Committee on Labor and Social Affairs*
*Spokesperson for the SPD Parliamentary Group*
Digitalization check: US companies see themselves as pioneers

To further examine how technological change is affecting the business world, AmCham Germany carried out a digitalization check among US companies in Germany. One of the most pressing questions regarding Workplace 4.0 is the impact artificial intelligence will have on employment. According to our study, 40% of surveyed companies believe the number of jobs will stay the same over the next three years, while 22% anticipate an increase. Nevertheless, roughly one-third are not yet able to discern what impact artificial intelligence will have.

While the final verdict is still out, the digital revolution is already changing the workplace: When asked about the most important skills in a digital company, the majority of respondents (28 companies) listed lifelong learning, followed by problem-solving skills (15), interdisciplinary thinking (14) and flexibility (12). IT know-how came in fifth place (11), showing that it’s not necessarily technical expertise, but rather the right mentality and an experimental approach that serve as decisive factors.

This mindset appears to be more prevalent in US companies, many of whom are already implementing new digital technologies. This particularly holds true for the Internet of Things and big-data analytics. In contrast, many companies are still uncertain about blockchain and have yet to carry out a great deal of pilot projects in this area.

In spite of this, US companies continue to consider themselves forerunners. Roughly two-thirds of respondents see themselves in the lead compared with German companies in their sector when it comes to both working structures and the platform economy — a result that isn’t surprising given the successful platform business models created by US companies.

Overall, digitalization presents a great deal of opportunities. In particular, respondents see the most potential in better customer interactions (19 companies), new business models (18) and improved utilization of data and analytics (17). Nevertheless, a lack of digital infrastructure, insufficient business cases and inadequate cybersecurity continue to pose challenges — especially when it comes to the development of digital platforms.

The study was conducted together with Accenture in August 2017. A total of 38 companies participated, with 18 among the TOP 50 largest companies in Germany. The surveyed companies represent more than €80 billion in annual sales revenue and account for roughly 185,000 jobs in Germany.
Question: How will artificial intelligence affect your employee head count in the next three years?

- Our employee headcount will probably stay the same: 40%
- Our employee headcount will probably increase: 22%
- Our employee headcount will probably decrease: 8%
- Cannot yet be assessed: 30%

Question: Are US companies in your sector forerunners compared to German companies in the following areas?

- Working structures/requirements for employees: 66% (Yes), 34% (No)
- Platform economies: 68% (Yes), 32% (No)
- Artificial intelligence: 49% (Yes), 51% (No)
- Blockchain: 49% (Yes), 51% (No)

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Lifelong learning:  
A must in the digital age

INTERVIEW WITH CAROLINE BITSCH

COMMERCE GERMANY: In the recently published paper by the Social and Labor Affairs Committee, you talk about workforce mobility. Why is this so important for global companies and what are the main hurdles to achieving it?

CAROLINE BITSCH: Flexible work arrangements are key to global companies’ competitiveness. Talent management is no longer organized on a country-by-country basis. Global companies want to recruit the best candidates from their talent pool when putting together project teams. One should not forget that the progress of digitalization and greater control over working time and place are not only in the interest of the employer, but also ensure a better work-life balance for employees. The main hurdles are rigid laws that do not provide the necessary flexibility. In Germany, for example, the Working Hours Act includes rigid provisions regarding daily working and rest times combined with respective penalties and fines. The legislature should provide a greater scope for flexible arrangements.

How can Germany maintain and increase its international competitiveness in the digital age?

It is essential to review and adapt the legal framework to changes in the digitalized world. Let me briefly illustrate this using an example of our legal provisions regarding works council elections or elections of employee representatives for the supervisory board. Election procedures require compulsory presence. The same applies to the decision-making process of a works council. The legislature is called on to introduce alternative participation models, such as “digital” or “virtual” employee representative bodies while maintaining the one-voice principle.

Why does the German educational system—the dual training system in particular—enjoy such a good reputation in the US? What can the US learn from Germany in this respect?

The German dual training system, which combines the acquisition of theory with on-the-job practice, results in a highly skilled workforce and enhances responsiveness to labor-market needs. It is also a good basis for lifelong learning, which is a must in the digital age.

How important is the issue of employee data protection? How can it be balanced with increasing digitalization?

Data privacy is still a key management and compliance issue throughout Germany and Europe. Under the new EU General Data Protection Regulation, the tightened rules now introduce fines for administrative offenses of up to €20 million or 4% of the total worldwide annual turnover of the preceding financial year. This clearly illustrates that the EU legislature takes privacy compliance very seriously and so should all companies with businesses in Europe. As for increasing digitalization, the establishment of the intergroup privilege, where a group division would not be deemed a third party, is of more importance than ever before. Therefore, it is regrettable that this privilege has not been established in the new legislation.

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Questions for: Sabine Bendiek

1. What makes Germany such an attractive investment location for US companies?

Germany has a growing economy, a stable political environment, transparent regulations and an eager, tech-savvy population. As part of the world’s largest single market, Germany serves as a natural extension for growth throughout the EU. The advancing digitalization creates new business opportunities for providers of innovative technologies and disruptive business models in many sectors.

2. What opportunities and challenges does the transatlantic relationship currently face?

German-American relations are based on a strong foundation of economic, social, cultural and political ties. Trade exchange and mutual investments have created jobs and prosperity. It is a partnership of great importance for the continued economic success of both countries. Even if political views may sometimes differ, it is much more important to foster transatlantic dialogue and strengthen mutual trust.

3. What is your favorite place in the US or Germany and why?

I live in Hamburg and love the views of the busy harbor. At Willkomm-Höft (Welcome Point), every ship is welcomed and bid farewell with its national anthem. Part of the old port is the Ballin-Stadt, where about 5 million Europeans began their journey to the New World between 1850 and 1939. A visit to the museum should convince everybody that emigration is an undeniable part of our history.

Sabine Bendiek
AmCham Germany
Vice President,
Chairwoman of the
Management Board of
Microsoft Germany
In turbulent times, reliable networks for businesses to foster cross-border relations are essential. ZEISS has been helping US customers be successful for more than 110 years. Thus, I am eager to engage with the AmCham Germany community and make my contribution to future German-US relations.

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As a US-headquartered law firm, Fried Frank has partnered with AmCham Germany to more effectively connect with transatlantic businesses and further strengthen its bond with Germany and the US.

Katrin Gänsler
German Tax Partner
Fried, Frank, Harris, Shriver & Jacobson LLP
friedfrank.com

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✓ Looking for an in-depth exchange among experts as well as national and international connections?

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Building bridges across the Atlantic

The past few months have been a busy time for transatlantic affairs. From debates on healthcare and tax reform in the US to the recent parliamentary elections in Germany, we wouldn’t blame you if it feels hard to keep up. But that’s where we at AmCham Germany come into play.

As the voice of transatlantic business, we’re dedicated to building bridges and a reliable network in order to keep our members well informed and help companies make sense of all that is happening on both sides of the Atlantic. That’s just one reason why we’ll be traveling to the US in November for our annual Washington Dialogue — where we’ll meet with several government representatives — and also why we have a series of Top Level Meetings planned with political leaders in Germany. Of course, we want and need our members’ input, too, which is why we hope you’ll take advantage of the unique opportunity to join in on the discussion at our Transatlantic Business Conference on October 25-26 in Frankfurt/M.

It goes without saying that our political advocacy arm is crucial to making our voice heard. Now with 11 policy committees (we are in the process of launching a new Innovation and Research Committee), we are dealing with the most pressing and relevant issues facing German, American and international companies today. The next few months are sure to be just as busy; and even beyond that, there is a great deal happening in the world of transatlantic business. We look forward to welcoming you right back here for our next issue, where we’ll be focusing on industry trends 2018: What does the future hold?

Until then,

Eveline Y. Metzen
AmCham Germany General Manager

In our next issue:

• Industry trends 2018: What does the future hold?
• AmCham Germany’s 11th Transatlantic Business Conference
• Interview with Dr. Nicola Leibinger-Kammüller, CEO and Managing Partner of TRUMPF GmbH + Co. KG

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Business After Hours
Steelcase AG
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Business After Hours
Prof. Dr. Christiane Lange
Direktorin der Staatsgalerie Stuttgart
STUTTGART

OCTOBER

25-26
11th TRANSATLANTIC BUSINESS CONFERENCE
Next Steps: Cooperation and Prosperity in the Transatlantic Marketplace
Frankfurt/M
Brigitte Zypries, Federal Minister for Economic Affairs and Energy

NOVEMBER

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Special Event
Thomas J. Donohue
President and CEO, US Chamber of Commerce
“One Year into the Trump Presidency — What Consequences for the Economy?”
BERLIN

NOVEMBER

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Reception
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US Consulate General
Frankfurt/M
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General Manager
Lilly Deutschland GmbH
HEIDELBERG

8
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HAMBURG
FRANKFURT/M
DÜSSELDORF

21+23+27
Traditional Goose Dinner
BERLIN
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DECEMBER

7 / 15
Swinging Christmas
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