



The Transatlantic Marketplace: Challenges and Opportunities Beyond 2012

Sixth Annual Transatlantic Business Conference

Strategic inspiration and impulses for the economic and political partnership



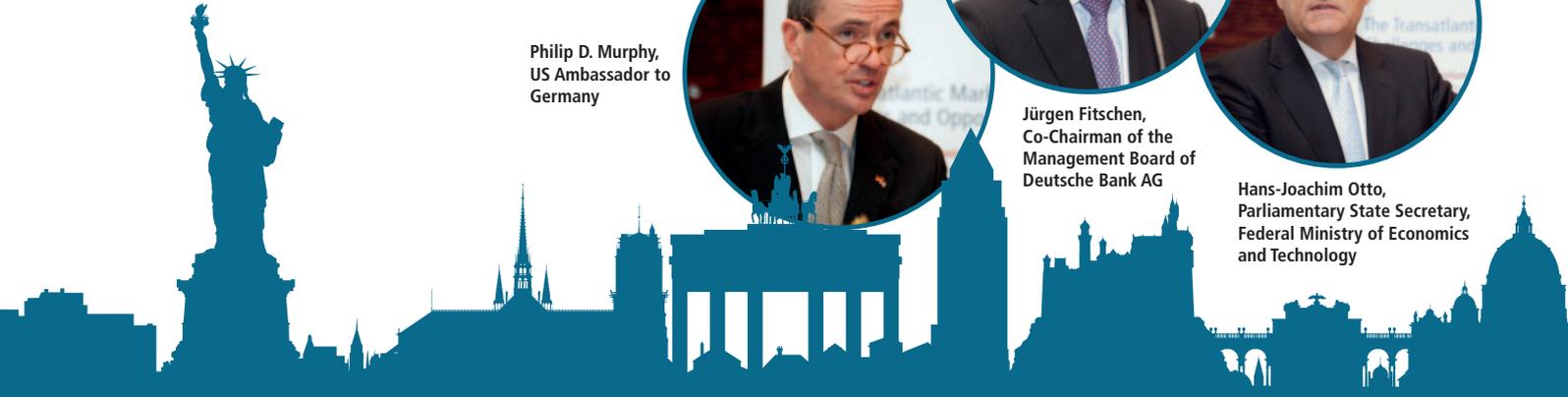
Philip D. Murphy,
US Ambassador to
Germany



Jürgen Fitschen,
Co-Chairman of the
Management Board of
Deutsche Bank AG



Hans-Joachim Otto,
Parliamentary State Secretary,
Federal Ministry of Economics
and Technology



Coming Together for Free Trade

Frankfurt/M, Nov. 14-15. While welcoming guests at the evening reception of the Sixth Annual Transatlantic Business Conference, Michael Reuther, Member of the Board of Managing Directors at Commerzbank AG, called attention to the deeper meaning of the election that had just unfolded on the Atlantic's far shore. High atop his company's iconic skyscraper, Reuther told the packed room that "the pillars of today's transatlantic partnership remain the basic principles of democracy, hard work and freedom."

Though not uniquely Western virtues, democracy and transparency, as practiced in the US and Europe, do distinguish these regions from other parts of the world, particularly vis-à-vis one of their greatest challenges: China. "The US election has reminded us of how important free elections are," Reuther said, "because on the other side of the world, there is an unclear path of decision-making and succession."

Strengthening transatlantic bonds is therefore all the more important, which is why

AmCham Germany President Fred B. Irwin used the conference to spark a "get out the vote" effort on a topic of immense importance to the EU-US business community. "Now is the time for the Obama administration to accept the recommendation of the EU to set up a transatlantic partnership agreement," he said at the start of the next day's proceedings. "I encourage every American in the room to talk to multiple members of Congress. This is important."

As a whole, the conference was an ideal platform for open dialogue – like a good political

strategy session – to help realize the goal of a transatlantic free trade agreement.

US election dominates discussion

The seemingly banal procedures of electoral democracy take on whole new meanings in the US, especially for business leaders, as participants on the opening evening panel pointed out. Der Tagesspiegel US correspondent Dr. Christoph von Marschall discussed the aggressive nature of President Obama's reelection campaign as

"Debt drives the bus."

Klaus-Dieter Frankenberger,
Senior Editor for Foreign Affairs,
Frankfurter Allgemeine Zeitung

"If we think big and broad about the opportunities that come from strengthening the role of trade between us, we can accomplish a lot together."

Laura Lane,
President of Global Public Affairs, UPS

"Only a strong and united Europe can be a good trade partner for the US."

Michael Reuther,
Member of the Board of Managing Directors,
Commerzbank AG

"I have a hunch that we will indeed see some poetry in government."

Philip D. Murphy,
US Ambassador to Germany, remarking on
President Obama's second term

"We're very good in Europe about setting a goal. What we're not as good at is the implementation of it."

Hendrik Bourgeois,
Chairman of AmCham EU

"Even a G3 [of the US, the EU and China], if we want to call it that, is not the answer."

Jürgen Fitschen,
Co-Chairman of the Management Board,
Deutsche Bank AG

"The whole [energy market] is turning upside down with new pricing models."

Dr. Roland Busch,
Member of the Managing Board
and CEO of the Infrastructure & Cities
Sector, Siemens AG

"With this approach, our employees become more innovative and creative, and they make us more competitive."

Hubert Yoshida,
Vice President and Chief Technology Officer,
Hitachi Data Systems, speaking
of the "bring-your-own-mobile-device"
workplace philosophy

an example. "The Democrats had the better ground game – how to get the vote out," he said of the president's ability to triumph despite unfavorable economic conditions, a challenge familiar to European business leaders seeking solutions to the ongoing eurozone crisis. And while domestic political disputes in the US might distract from trade negotiations with the EU, the general consensus was that a concerted lobbying effort would not fall on deaf ears, a point punctuated by Laura Lane, President of Global Public Affairs for UPS. "We've already figured out how to forge great transatlantic business partnerships," she said. "We now need to translate that into the rules of the game."

The next day's fruitful series of panel discussions, workshops and networking opportunities opened with a display of German-American amity. Philip D. Murphy, US Ambassador to Germany, noted that the US was adapting successful German educational ideas, particularly for vocational training, to help strengthen its workforce and boost its economy. To improve the prospects of an EU-US trade agreement, Murphy suggested that Europeans might want to adopt an American mentality of their own. Speaking about irrational European fears of genetically modified foods, he cautioned that "a treaty that does not address agricultural interests would not be approved by the US Senate." On his heels came Hans-Joachim Otto, Parliamentary State Secretary in the Federal Ministry of Economics and Technology, who assured the audience of the overwhelming importance of the transatlantic relationship. "The EU and the US are the most important trade partners for each other," he said,

even asserting the economic relationship as the most important in the world.

A value add for the EU

In the day's first panel, the question of securing a free trade agreement took on a whole new dimension: economic pressures from outside the EU and US. Many conference participants had already expressed concern about the lack of attention US leaders paid to Europe after the 2008 elections, noting the sharpened focus on the Asia-Pacific region. As James H. Quigley, former Senior Partner at Deloitte LLP and currently US Co-Chair of the TransAtlantic Business Dialogue (TABD) – which, along with the Federation of German Industries (BDI), cooperated closely with conference organizers AmCham Germany and the F.A.Z.-Institut – humorously observed, "Perhaps if 90% of Germans were not supportive of Obama in his reelection bid, he might come more often." The panel featured some sunny observations as well, with Hendrik Bourgeois, Chairman of AmCham EU, pointing out the advantages of Ireland's imminent takeover of the rotating EU presidency, including the ability of the Irish to bring trade negotiations with the US to the fore. For his part, Martin H. Richenhagen, Chairman, President and CEO of AGCO Corporation, described the increasing attractiveness of the US for manufacturers: "The biggest advantage of the US as an investment location is currently the attractive price of energy," he said. Still, when asked if they expected to see an EU-US free trade agreement in a year's time, no one on the panel was able to respond with a confident yes. ▶



Participants of the opening evening's panel set the stage for further discussion of EU-US cooperation.



Guests had the chance to network during the evening reception.



Michael Reuther of Commerzbank AG welcomes guests.



Dr. Ruprecht Brandis



Sabrina Soussan



Participants of the Mayer Brown workshop on fines, unbundling and claims



Dr. Andrea Fluthwedel



Jürgen Lehnus



Peter J. Wirnsperger



Dr. Friederike Gräfin von Brühl



Dr. Mark Young



Speakers at the Commerzbank workshop on European debt



Finding the Thread Again

Recent macroeconomic and political developments lent an air of immediacy to two workshops on financial issues. One, hosted by Commerzbank AG, focused on the shifting landscape of European capital debt markets. As Reinhard Haas, Head of Loan Capital Markets Europe at Commerzbank, noted, changing regulations are transforming the use of bank loans, making them less attractive as a long-term funding source. These European developments made for an interesting comparison with the outlook on US corporate and effective tax rates, especially given President Obama's reelection. "With a 35% tax rate, the US has the highest tax burden" compared with European countries, said Dr. Stefan Brunsbach, a partner at PricewaterhouseCoopers AG, during a tax workshop hosted by his company.

Attendees also returned to the topic of cybersecurity for a pair of workshops. The ever-increasing sophistication of hackers was featured in a session hosted by K&L Gates. "The law is far behind the hackers, and the tools we

are working with are not ideal," pointed out Dr. Friederike Gräfin von Brühl, an associate at the law firm. At a later cybersecurity workshop, Peter J. Wirnsperger, Partner at Deloitte, noted that large companies are relatively protected from cyberthreats, and that the *Mittelstand* is left most vulnerable.

Ethics and fairy tales

Workshop participants also had the opportunity to engage in thought experiments worthy of a college philosophy seminar. At a session hosted by the Dräger Foundation, participants heard an ethical dilemma cleverly disguised as a *Märchen*. They then took part in a discussion on which characters shared the moral blame, the findings of which were connected to the problem of corruption in international business dealings.

The ethics of growth management was the focal point of another workshop hosted by the Verantwortung Zukunft initiative, which gave various business and political leaders the oppor-

tunity to lay out their visions for responsible business dealings. Dr. Ioannis Hatzopoulos, Scientific & Sustainability Communications Manager for Procter & Gamble, for instance, stressed the importance of improving the quality of life for future generations in his definition of responsibility.

The DIN German Institute for Standardization and Mayer Brown rounded things out with disparate topics that both harkened back to larger problems of uniformity in EU and US standards and legislation. The DIN workshop tackled sustainability standardization for municipal development in Germany, with panelists cautioning of the need for a resident-centric approach to new rules: "Citizens aren't sitting in the Bundestag – they are living in their communities," as Karl-Ludwig Böttcher, Director of the Association of Towns and Municipalities in Brandenburg, put it. At the Mayer Brown workshop, participants noted the need for streamlined policies regarding antitrust cases in the EU, but expressed ambivalence about whether they should more resemble US or German practices. ■

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A later panel tackled the crucial issue of the digital revolution's effects on transatlantic business. Reinhard Clemens, Member of the Management Board of Deutsche Telekom AG and CEO of T-Systems, set the tone by remarking that, while there hasn't been a major compromise of data security on the scale that some experts warn of, the health of any modern trade relationship still depends upon keeping online transactions secure. This security comes at a price, however, noted Hinrich Voelcker, Global Head of IT Security for Deutsche Bank AG: Security measures "cost money in every part of the world for every individual company," he said. Dr. Thomas Hesse, Member of the Executive Board and President of Corporate Development and New Business, Bertelsmann AG, looked to innovative approaches in the US, particularly the integration of the Internet in corporate boardrooms, as a way forward. "The European digital environment is far behind what's going on in the US," he lamented.

"Ours is the task ..."

The final panel took a turn for the urban, with a slate of experts looking at the rise of megacities and the need for new infrastructure as growth catalysts. Barb Samardzich, Vice President of Product Development at Ford of Europe, noted that the auto industry is rapidly developing due to forces beyond its control, such as climate change and gridlock. "Infrastructure that enables us to have a sustainable business has got to be included," she said. According to Dr. Roland Busch, Member of the Manag-

ing Board and CEO of the Infrastructure & Cities Sector at Siemens AG, urbanization is a megatrend. "That's something we cannot and should not stop, because it fires the growth of economies," he said. Following the panel, Prof. Hans-Peter Keitel, President of BDI, began a thoughtful keynote address by setting the record straight on US debt. The much-feared "fiscal cliff," unlike the eurozone's challenges, was not a crisis, he said. Thanks in part to a natural gas boom and the resulting prospect of energy independence, the US has "a significantly better chance of reducing its sovereign debt, thereby resetting relations with China." And while nobody wants to give up on Europe, Keitel struck a sober tone on ongoing efforts to ensure Greece's political stability and its place in the EU. "We all know it's not about money," he said.

As the day drew to a close, Jürgen Fitschen took the stage to provide the conference's final speech. The Co-Chairman of the Management Board of Deutsche Bank AG continued in the spirit of open dialogue, shaping his brief, extemporized remarks to allow for an accessible interchange of ideas. Europeans, he reminded the audience, were still trying to figure out what exactly they had undertaken with the creation of the EU. "Ours is the enormous task of understanding what it is that we're doing in Europe," he said. "And our friends in America have to tell us how they want to deal with these problems." That his European and American audience had spent the day doing precisely that – among much else – simply reflected on the conference's considerable contribution to the ongoing transatlantic discussion. ■

