

Fourth Annual Transatlantic Business Conference

The Transatlantic Marketplace – Challenges and Opportunities Beyond 2010



Prof. Dr. Axel Weber,
President,
Deutsche Bundesbank



Philip D. Murphy,
US Ambassador
to Germany



Fred B. Irwin,
AmCham Germany
President

Putting through the Call

When the EU made Cathy Ashton its first foreign policy head in 2009, some joked it was the long-awaited answer to the old question attributed to former US Secretary of State Henry Kissinger, Who do I call if I want to call Europe? But a year after the appointment, the transatlantic connection is still pretty fuzzy.

The Transatlantic Business Conference continues to demonstrate the importance of the US-German partnership as a global model for opening international lines of communication. Jointly organized by F.A.Z.-Institut and AmCham Germany in cooperation with the Federation of German Industries (BDI) and the TransAtlantic Business Dialogue (TABD), the fourth annual conference began with assessments of the current state of the transatlantic relationship on Oct. 27 and continued through Oct. 28 with a day full of compelling speeches, contentious panel discussions and workshops punctuated with energetic banter.

On a rare clear fall evening in Frankfurt, Commerzbank CFO Dr. Eric Strutz opened the conference from the top of his company's signature skyscraper. Issuing a warning about overregula-

tion, Strutz called on the US and Germany to collaborate on developing minimal, effective regulation. "Our relationship is still important," he added. "Encourage it here with lively panel discussions, networking and developing strategies."

Taking the first step

And the panel discussions did prove lively. Klaus-Dieter Frankenberger, Senior Editor at the Frankfurter Allgemeine Zeitung, kicked off the discussion by commenting on global dissatisfaction with the US political climate, specifically concerning President Obama's shortcomings. "Not everyone wants change," Frankenberger observed. Germans have lost trust in their government as well, he noted, and both countries could benefit from more open dialogue. Panelists

explored how the domestic economy and political antagonism have captured Americans' attention. "This Tea Party movement and its impact on the US economy are far more interesting and pressing for Americans than whatever is going on in Germany or with a transatlantic relationship," said Friedrich Merz, Chairman of Atlantik-Brücke e.V. and Partner at Mayer Brown LLP.

In his remarks, Hans-Ulrich Klose, MdB, Vice Chairman of the Committee on Foreign Affairs in the German Parliament, highlighted the emotional bond between the US and Germany, saying he and his peers think fondly of the US because of its influence in post-World War II Germany. "However," he said, "there is a line to be drawn between appreciating these individual relationships and being critical of US politics." The key is to discuss these differences openly and

“The US has a tendency to evolve and change.”

Peter Chase,
Senior European Representative,
US Chamber of Commerce

“Our most important lessons are shared lessons.”

Prof. Dr. Axel Weber,
President, Deutsche Bundesbank

“Solutions may vary, but the goal has to be the same.”

Philip D. Murphy,
US Ambassador to Germany

“I don’t see a reason for pessimism.”

Dr. Jürgen Stark,
Member of the Board of Directors,
European Central Bank

“Governments need to set a framework and an environment for renewables and not pick winners and losers.”

Gregg Wechsler,
Member of the Board, ExxonMobil
Central Europe Holding

“Have we extracted the right lessons from the crisis?”

Prof. Dr. Friedhelm Kläs,
Managing Director,
Deloitte & Touche GmbH

“Established political parties underestimate the power of the Internet to mobilize people.”

Friedrich Merz,
Chairman, Atlantik-Brücke e.V.;
Partner, Mayer Brown LLP

“There is a new word in the American language, and that is *kurzarbeit*.”

Hans-Ulrich Klose, MdB,
Vice Chairman of the Committee
on Foreign Affairs in the
German Parliament

thoroughly, he remarked. National Journal writer Bruce Stokes thought the US and Germany could benefit from a common project like persuading China to relent on issues like currency devaluation and intellectual property rights infringements. But, he said: “If Europeans wait for the Americans to take the initiative, [they] will be waiting forever.” Merz suggested the two countries cooperate on more than China and work together to standardize various technical norms. “The US can’t take on the world alone anymore. They need a partner,” Merz stated. “Europeans are their most natural partner, and the strongest and most ready Europeans are the Germans.”

Continuing the story

The success following German reunification 20 years ago has been a source of pride for both countries, US Ambassador to Germany Philip D. Murphy said while opening the next day’s activities. “It is critical to reach out to younger audiences who do not have the wisdom from history or know the reasons we need transatlantic relationships,” he said, stressing the importance of youth exchange programs and transatlantic internships.

China and its rapid growth emerged again as a topic of concern during the day’s first panel discussion on international policies and models. Dr. Jürgen Stark, a member of the European Central Bank Board of Direc-

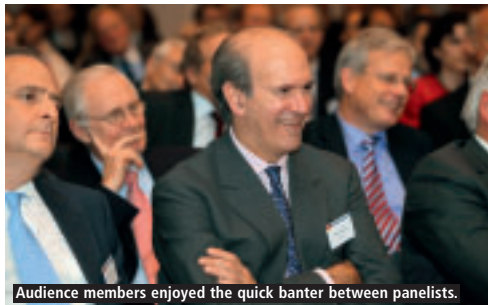
tors, noted the difficulty in comparing the growth of the US, EU and China because the economic systems of each are so vastly different. The US must rethink its economic model and move away from a system of debt-based growth, he also stated. This argument was echoed by Hans Reich, Chairman of the Supervisory Board for Citigroup Markets Deutschland, who said: “Growth is a painful process, and it will be much more expensive and painful if we don’t attack the debt immediately.” Moderator Carsten Knop, Senior Business Editor at the Frankfurter Allgemeine Zeitung, claimed that many people believe the US will not recover. Responding, Peter Y. Solmssen, General Counsel and Member of the Siemens Managing Board, expressed concern about the lack of attention being paid to President Obama’s achievements: “My big worry is that this great innovative and optimistic system is weakening,” he said. Though all panelists agreed that regulatory changes must be made to fix the global economy, no consensus was reached on what this ideal future market would look like.

Keeping the lights on

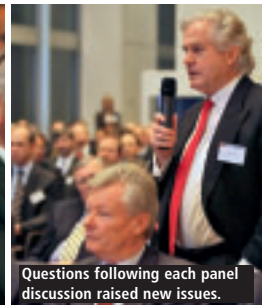
A debate circling around choices for energy supply surfaced in the next panel discussion. Some panelists argued for using both renewable energies and fossil fuels. Moderator Dr. Günter Burghardt, former EU



Dr. Eric Strutz, Commerzbank AG



Audience members enjoyed the quick banter between panelists.



Questions following each panel discussion raised new issues.



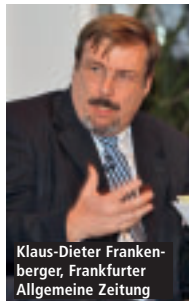
Participants started their own discussions over drinks and food between workshops and panels.



Friedrich Merz, Atlantik-Brücke, e.V. and Mayer Brown LLP



Bruce Stokes, The National Journal, and Hans-Ulrich Klose, MdB



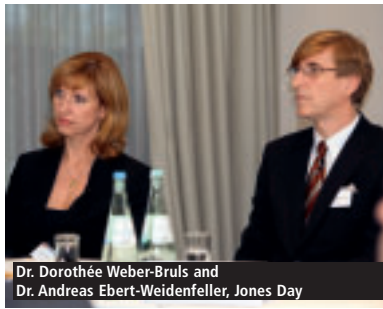
Klaus-Dieter Frankenberger, Frankfurter Allgemeine Zeitung



Peter M. Blauwhoff, Shell



Hans Günter Wolf, Deloitte



Dr. Dorothee Weber-Bruls and Dr. Andreas Ebert-Weidenfeller, Jones Day



Tim Wybitul, Dr. Mark C. Hilgard and Dr. Rainer Markfort, Mayer Brown LLP



Audience members listened intently to various presentations.



Peter Chase, US Chamber of Commerce; Ulrich Link, Henning von Gersdorff and Stefan Schweigert, Commerzbank AG



Christof K. Letzgus, PricewaterhouseCoopers AG WPG

Hashing out the Details: Workshop Sessions Drive Deeper Discussion

Taking up where lively panel discussions left off, participants gathered in smaller groups to further explore such areas as energy, business strategies and the economic outlook.

In one session, Commerzbank Senior Economist Bernd Weidensteiner presented graphs to demonstrate US growth and economic potential. Supplementing this presentation, Peter Chase of the US Chamber of Commerce spoke on US potential in agriculture, growing populations and entrepreneurship. He conceded that the US government needed to work on how and where it spends its money, but asserted "the US has a tendency to evolve and change."

Adaptability was also a talking point in the energy workshops. Both Deloitte and the Dräger Foundation hosted discussions on the future of energy. In the Dräger workshop, speakers examined a range of proposals for the best way to fulfill energy needs, while Deloitte presenters pushed for using only sustainable fuels. Despite the many graphs and charts presented, much of the audience was hard to convince, and their questions focused on the cost



Two speakers, Dr. Christian J. Reichert and Dr. Stefan Lechtenböhrmer, at a workshop on future energy

and plausibility of an energy system based solely on renewables. One participant challenged that Deloitte was presenting these findings "because that is what everyone is expected to think these days – anyone who says otherwise is condemned." Deloitte Partner Hans Günter Wolf responded by agreeing that "the advancement of renewable energies [would never] have happened without political support," but maintained that this was a good thing. The Dräger workshop, on the other hand, explored different

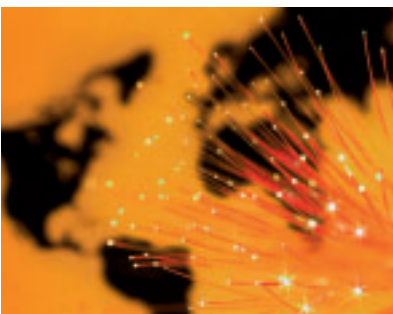
energy options. Nuclear power proved a contentious issue, but most agreed it would play some role in an ideal energy mix – although not as a long-term solution. Dr. Peter M. Blauwhoff, CEO of Deutsche Shell Holding and one of the workshop speakers, asserted that the market should decide the contents of the mix and the government should not be allowed to push its own agenda. He was, however, confident that "Shell will be a part of the mix."

Tackling the labyrinthine topic of transatlantic tax trends, PricewaterhouseCoopers provided workshop participants with key information on developing effective tax strategies. The global accounting firm took a broad international approach and provided experts from its practices in Germany, France and the UK. Also pertaining to ideal business practices, Mayer Brown LLP addressed the topic of compliance, providing advice that would "normally [be] subject to a fee," as Mark C. Hilgard,

Partner in the law firm, playfully remarked. Although the workshop was geared toward implementing compliance practices in German companies, a number of participants asked questions about the specific conflicts between US and German compliance systems. The speakers noted that stark differences do exist between the two countries, and establishing reliable business contacts on both sides of the Atlantic is the best way to navigate each system. Jones Day partners discussed the hot topic of intellectual property, scrutinizing the differences between US and German patent processes and intellectual property rights and the best ways for businesses to deal with them.

Following each session, participants formed clusters outside the exits to discuss questions raised in the sessions. At least in Frankfurt, the lines of transatlantic communication were becoming clearer by the second.

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Ambassador to the United States, stated, "I think we agree that renewable energies are the future, but we have more trouble deciding how and when to implement them." Scott Trahan, Vice President at Eaton Corporation, warned that communities must be primed to accept new energy sources. "People won't stop using fossil fuels until they disappear," he said. "We need to focus on cleaner ways to use these fuels." Graeme Sweeney, Executive Vice President at Royal Dutch Shell, agreed, saying a global dialogue was important, but "it's best to have the conversation around what's available and how to best utilize these resources." Matthias Willenbacher, CEO of juwi Group, countered that wind energy would meet all market demand – if people could be convinced to use it. Others did not believe this would be a simple or effective switch. Gregg Wechsler of ExxonMobil asserted, "governments must set a framework for renewables and not pick winners and losers."

Choosing an approach to better regulation

The focus then shifted to financial regulation in the afternoon plenum. Prof. Dr. Friedhelm Kläs, Managing Director of Deloitte & Touche, noted that companies recovering from a crisis should strive to emerge better than before. Michael Bonacker of Commerzbank pointed out that the crisis had exposed flaws in banking

processes: "Now people believe they are better off keeping their cash at home." Dr. Karl-Peter Schackmann-Fallis, Executive Director at the German Savings Banks Association (DSGV), criticized the lack of action in tightening regulation, saying: "We've seen a lot of symbolic policies because politicians and regulators had to react very quickly, and something was forgotten in that rush." Moderator Jack Ewing, from the International Herald Tribune, pushed for frank responses. "Of course, a chief financial officer would like reduced credit conditions," admitted Matthias Zachert, CFO of Lanxess AG, "but no business wants to undergo what happened during the financial crisis." The general consensus of the plenum was that better, not more, regulations were needed.

Building for the future

Prof. Dr. Axel Weber, President of the Deutsche Bundesbank and Member of the European Central Bank Governing Council, brought the day to a strong close at the AmCham President's Dinner. In his speech, he called for increased transatlantic cooperation to build a successful economic and monetary system. The new regulations have been designed to prevent future crises, not fix currently suffering countries, he said. "The rules are good; even the old rules are good," Weber concluded. "We just have to make sure they are followed." ■



Hans Reich, Citigroup; Carsten Knop, Frankfurter Allgemeine Zeitung; Peter Y. Solmssen, Siemens; and Dr. Jürgen Stark, European Central Bank



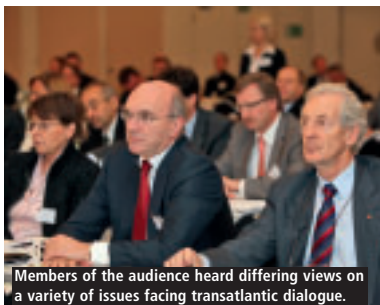
Dr. Günter Burghardt, Mayer Brown LLP; Gregg Wechsler, ExxonMobil; and Scott Trahan, Eaton Corporation



Armin Häberle, F.A.Z.-Institut



Dr. Graeme Sweeney, Royal Dutch Shell, and Matthias Willenbacher, juwi group



Members of the audience heard differing views on a variety of issues facing transatlantic dialogue.



Volker Sach, F.A.Z.-Institut; Dr. Mark C. Hilgard, Mayer Brown; Petra Pissula, Dräger Foundation



Matthias Zachert, Lanxess AG



Michael Bonacker, Commerzbank AG



Dr. Karl-Peter Schackmann-Fallis, German Savings Bank Association



Prof. Dr. Friedhelm Kläs, Deloitte