

Germany Investment NEWS



Major Investments

- **MetoKote Corporation**, a US-based supplier of protective coating applications, is investing EUR 6.5 million in a new facility in the southwestern German city of Mannheim. The unit will provide coating and logistics services to various manufacturers in the region including **John Deere**, the agricultural machinery maker which has its European headquarters in Mannheim. MetoKote has been providing coating services to John Deere in the US since the early 1990s. In Germany John Deere employs over 6,000 people at five locations and generated EUR 2.35 billion in sales during its 2009 fiscal year. The coating specialist's new facility, its first in Germany, is being built on an 11,500 square meter site which offers additional land for future expansion. Production is expected to begin as early as July 2010. MetoKote says the operation will employ 50 workers when it reaches full capacity.
- The international chemicals joint venture **Sasol-Huntsman** is investing EUR 82 million in the expansion of its production facilities in the city of **Moers** near the Dutch border. Jointly operated by South African mining and chemicals giant **Sasol** and US-based chemicals manufacturer **Huntsman**, Sasol-Huntsman produces maleic anhydride for a wide range of industries.

Maleic anhydride is used primarily in the production of unsaturated polyester resins found in recreational boats, bathroom fixtures, automobiles, tanks, and pipes. The expansion will boost Sasol-Huntsman's production capacity from 60,000 to 105,000 tons per year.

- **TK Maxx**, a European chain of discount apparel outlets belonging to US-based **TJX Companies Inc.**, is expanding its operations in Germany. Currently represented in Germany with 20 TK Maxx retail outlets, the company plans to increase that number to 300 within the next few years. Much like the TJ Maxx outlets operated by TJX in the United States, TK Maxx stores in Europe offer premium fashion brands at discount prices. The company opened its first stores in Germany in 2007.
- **Huawei**, a Chinese provider of telecommunications technology, is reportedly planning to expand its European headquarters in Düsseldorf and establish a new innovation center in the western German city. The state government of North Rhine-Westphalia says Huawei has signed a letter of intent declaring its investment plans in Düsseldorf. The plans foresee the establishment of a research center representing an investment of EUR 20

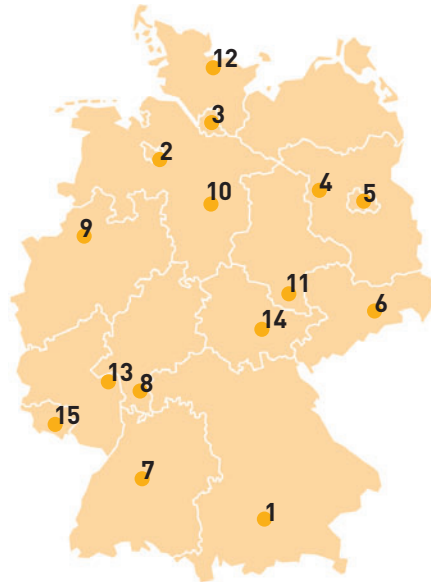
million and creating 200 additional jobs. Construction work is expected to begin in 2010. Huawei, which currently employs around 500 people in Düsseldorf and more than 200 in Frankfurt am Main, cooperates closely in Europe with the mobile network operator **Vodafone**.

- An Indian investor has succeeded in acquiring the insolvent German fashion house **Escada** for an undisclosed sum. Megha Mittal, the 33-year-old daughter-in-law of Indian steel magnate Lakshmi Mittal, beat off several other bidders who were competing for the upmarket label. In an interview with the German business daily *Handelsblatt*, Escada CEO Bruno Saelzer described Megha Mittal as the "ideal face of Escada" and said the Mittal family was the company's "partner of choice." About a quarter of Escada's 2,200 employees currently work at the company's headquarters near Munich. As part of its recovery plans, Escada is expected to develop a broader marketing strategy and introduce a medium-priced clothing line.



News from the Federal States

- **Apside Groupe**, a software engineering and services company headquartered in France, has begun operations at its new location in Munich, Bavaria. Apside GmbH serves Germany's aeronautics, defence, automotive, and telecommunications industries. (1)
- The twin cities of **Bremen** and **Bremerhaven** are highlighting the diversity of their industrial base and their broad appeal to foreign investors. The business sectors represented in the area include: automobile manufacturing, aerospace, food, mobile technology, biotech and logistics. (2)
- **Sasol Wax**, a company specializing in paraffin wax and wax-related products, has invested EUR 30 million in a new hydrotreating plant and storage facility at its principal manufacturing location in Hamburg. (3)
- The Indian company **Firepro Systems**, which specializes in fire protection and security systems for buildings, is establishing its European headquarters in Brandenburg. The company expects to employ 50 engineers there within the next three years. (4)
- A new study by IBM business consultants shows that in 2008 American firms announced the creation of more new jobs in Berlin than companies from any other foreign country. All together that year, **US companies** announced plans to hire nearly 2,700 people in the German capital. (5)
- **Infineon Technologies**, a semiconductor manufacturer headquartered in Bavaria, has won a contract from China to provide security chips for passports. The chips are being produced in Dresden, Saxony. (6)



- **Matchtech**, a UK-based personnel recruitment firm specializing in technical and professional fields, has established its German headquarters in Stuttgart, Baden-Württemberg. (7)
- Specialty chemicals supplier **Sika AG**, headquartered in Switzerland, has opened a logistics center at the **Hoechst** industrial park near Frankfurt, Hessen. The company produces processing materials used in sealants and adhesives. (8)
- The **Yokohama Rubber Co., Ltd** of Japan is now represented in North Rhine-Westphalia with three companies. The most recent of these, **Yokohama Industrial Products Europe GmbH**, was established last spring in Düsseldorf. It delivers high-pressure hoses for construction machinery. (9)
- The state of Lower Saxony is seeking to raise the international profile of its **aviation and aerospace industry**. The state currently boasts more than 250 companies in the sector. Together they employ some 30,000 people. For more information visit: www.niedersachsen-aviation.de (10)

- **FP-Pigments GmbH**, a subsidiary of the Finnish company **FP-Pigments Oy**, has started operations at its new production plant at the Leuna chemical site in Saxony-Anhalt. The plant, which will serve the global market, began shipping opacity pigments to North America in October. (11)
- A new center of medical excellence has opened on the Kiel campus of the Universitätsklinikum Schleswig-Holstein. The *Zentrum für Entzündungsmedizin* ("**Center of Excellence Inflammation Medicine**") is part of the "Inflammation at Interfaces" excellence cluster. The special clinic, the first of its kind in Germany, focuses on treatment of chronic inflammatory diseases. (12)
- **Rheinland-Pfalz** is promoting its strengths as a logistics location. In a recent ad campaign, the state highlighted the fact that its extensive infrastructure includes 13 inland ports and five multimodal freight hubs. (13)
- The **Caremoli Group**, a food industry supplier based in Italy, has established a subsidiary in Blankenhain, Thuringia. Caremoli Deutschland will provide sales services to markets in central and northern Europe. (14)
- Joachim Weickert, Professor for Mathematics and Informatics at the **Saarland University**, has been awarded with the Gottfried Wilhelm Leibniz Prize for excellence in research in the area of mathematic image processing. The Leibniz Prize, which carries a cash award of EUR 2.5 million, is the most prestigious scientific award in Germany. (15)



Cautious Optimism

The economic situation in Germany continued to improve in the third quarter of 2009, justifying the mood of cautious optimism among investors. During the three-month period from July to September, the country's gross domestic product rose 0.7 percent compared to the previous quarter. The increase in GDP was considerably stronger than the 0.4 percent reported for the second-quarter period. The improvement was attributed mainly to increased capital investment, construction activity and inventory replenishment. In November the Federal Ministry of Economics and Technology issued a statement saying there were indications that the recovery would continue during the fourth quarter.

A recent survey of leading executives in Germany also revealed a high degree of satisfaction with the domestic business situation. The *Handelsblatt Business Monitor* report, published in November, showed 72 percent of executives surveyed considered the current business situation in Germany to be "good" or "very good" — an improvement of eight percentage points over the previous survey. Nearly half the respondents (49 percent) said they were happy with the export market as well; German exports rose in September for the seventh month in a row.

Meanwhile, entrepreneurial and property income jumped significantly in the third quarter. Germany's central bank, the Bundesbank, says entrepreneurial and property income rose 11.3 percent compared to the previous quarter - the largest quarterly increase in 12 years.

Germany and Its Competitors

Quality Problems Abroad

More and more companies in Germany are learning to appreciate the country's competitive advantages as a business location. A recently published study by the **Fraunhofer Institute for Systems and Innovation Research (ISI)** showed that in the past three years, the number of companies in Germany deciding to outsource manufacturing dropped by 40 percent. The study, commissioned by the **Association of German Engineers (VDI)**, found German companies abroad frequently encountered quality problems and had difficulty meeting their needs for skilled labor. Despite the attraction of lower wage costs in some foreign countries, the companies found they could not operate as competitively there as they could at home. Rising labor costs elsewhere in Europe underscore Germany's competitive advantage as a business location: In 2008 labor costs in Germany rose 2.5 percent compared to the EU average of 3.5 percent. Germany is ranked 8th with respect to labor costs in the EU.

Industry Report

MedTech, Pharma, IT

- As 2009 drew to a close, Germany's medical technology sector was expecting to finish out the year at home in positive territory. A report by the **Association of German Engineers (VDI)** suggested the sector would record two percent sales growth in the domestic market. The German med-tech sector generates total annual sales of around EUR 23 billion.
- **VFA**, the trade association representing Germany's research-based pharmaceutical companies, says its members are predicting a positive business year in 2010. A fall survey of VFA members shows nearly 60 percent expect their sales to remain stable or rise slightly. Just under 19 percent are anticipating a moderate or strong increase in sales revenue. In 2008 VFA member companies reported sales of EUR 36.8 billion.
- Germany's information technology industry is expecting to see a return to growth in 2010. A survey of industry executives by the **Bitkom** trade association found 57 percent were anticipating higher sales in 2010 than they achieved the year before. Some 38 percent of those surveyed said they were planning to take on additional employees.



Interactive entertainment at the CeBIT 2009

Cleantech News

About the Industry

- The amount of electricity produced by solar energy sources in Germany rose faster than anticipated in 2009, according to the trade magazine *Photon*. By the end of the year total installations are expected to exceed 8,6 gigawatts.
- The cable connection to Germany's first off-shore wind park **BARD 1** has been completed. The completion of the high-voltage connection in November allowed the test phase to be launched.
- The **University of Hyderabad Knowledge and Innovation Park**, in association with the **India Semiconductor Association**, has signed a memorandum of understanding with Germany's **Fraunhofer Institute of Solar Energy** to develop a collaborative testing and certification facility as well as an R&D center.
- With more and more renewables-based power projects coming on line, demand for decentralized power-distribution technology is growing. **Siemens** says a "paradigm shift" is currently underway with respect to grid integration.
- Germany, Austria and Switzerland are cooperating to develop integrative "smart grid" energy solutions. Representatives from the three countries met in Berlin in November at the first congress of the "E-Energy" cooperation platform.

About Companies

- Europe's largest carmaker **Volkswagen** is stepping up development of "clean-car" technology. Like other automotive companies, VW is encouraged by a new study by the Centre for

European Economic Research showing that consumers are willing to pay more for environmentally friendlier cars.

- US industrial group **3M** is establishing a European research center for wind and solar energy in Neuss, not far from Düsseldorf. *Handelsblatt* reports that 3M is looking to acquire renewable energy companies in Europe and sees "major future potential" in the German market.
- **Siemens** reports that its revenue from cleantech products rose 11 percent over the past year to EUR 23 billion. Sales of energy-saving turbines, equipment for smart power grids, and solar inverter systems accounted for much of that growth.
- The German energy company **RWE** is stepping up its development of off-shore wind parks off Germany's North Sea coast. The company expects to complete its 1,000-megawatt **Innogy Nordsee I** project in 2013.
- **Nordex**, a German producer of wind-powered electrical generating equipment, says it expects to double its installed capacity in America, Asia and Europe over the next five years.
- A public-private consortium has signed a letter of intent to sponsor a joint feasibility study for the creation of a solar energy research institute at **AVANTIS**, a cross-border German-Dutch science and business park.

About Regions

- Germany's **Nuremberg metropolitan region** is continuing to develop its profile as a leader in the field of energy research. The region is home to around 500 energy-related companies, including **Siemens** and **Solar Millennium**, both of which are part of the **Desertec Industrial Initiative**.



Final inspection of windmill rotor blades at BARD Emden Energy GmbH

- **Berlin** has devoted its third annual economic conference to the importance of developing the German capital's potential as a "Green Economy." Almost 28,000 people currently work in Berlin's cleantech sector.
- Increased demand for photovoltaic systems in 2009 boosted employment in Germany's **Frankfurt (Oder)-Fürstenwalde region** near the Polish border. Frankfurt is home to three PV manufacturing units.

New Publication

Guide to Germany's Business Environment

Anyone with a business interest in Germany will want to have a look at our new publication "Germany's Business Environment: A Brief Guide." The brochure provides a helpful overview of essential business-related data, specially tailored to serve the interests of foreign investors.

The guide outlines exactly where Germany's strengths lie as a business location, with information on major industries, export markets, foreign direct investment, small and medium-sized enterprises, the labor market, and infrastructure all provided. International comparisons show just how Germany stacks up against the competition.

The guide also features a thumbnail sketch of the services we offer investors – everything from project management assistance to location evaluation and help with incentive applications.

You can order this brochure and our other free publications at order@gtai.com.



News in Brief

Automotive

- Carmaker **BMW** is investing EUR 90 million in a joint venture with Germany's **SGL Group** to produce carbon-fiber materials for a new line of lightweight vehicles. Two factories are planned, one each in Germany and North America.
- Automaker **Daimler** has announced plans to expand its compact car production plant in Rastatt, Germany. The company says it will invest EUR 600 million in the unit, which currently produces Mercedes-Benz A-class and B-class cars. Daimler is planning to expand its compact range to include two additional models.

Food

- A group of five Dutch food specialty companies is launching a cooperative venture in Germany. Operating under the name **Ganz & Gar Frische Convenience**, the group will provide a wide range of food products to restaurants, caterers, and cafeterias.

Chemical Industry

- **SOL S.p.A.**, an Italian provider of industrial gases, has opened a new liquefaction plant at the Hoechst industrial park near Frankfurt. The company has invested EUR 20 million in the facility, which produces liquefied oxygen and nitrogen.
- The Korean industrial group **Samsung** has opened a new plastics manufacturing operation at the Hoechst industrial park. The facility features a state-of-the-art laboratory as well as extrusion and injection equipment.
- **Vinnolit GmbH & Co. KG**, a German PVC manufacturer, has opened two new membrane electrolysis plants for

chlorine production in Gendorf and Knapsack. Together the plants represent an investment of EUR 100 million.

Electronics

- **Braun Schaltgeräte & Service e.K.**, a Berlin-based outdoor lighting specialist, reports that its high-performance LED lighting modules are being used at prominent public locations in several European cities.

Creative Industries

- Germany has launched a new industry platform to foster development of cultural and creative enterprises. The Federal Government Culture and Creative Industry Initiative has already established a center of excellence in Eschborn and is setting up eight regional contact points. In November the initiative organized a "sector hearing" on the future business potential of the live entertainment industry.

Optical Technology

- **RapidEye AG**, a German provider of geospatial information, has signed a framework contract with the **European Space Agency** to provide satellite imagery of areas prone to natural disasters. The images will be used for Europe's Global Monitoring for Environment and Security program.

About Us – Our Events

I
The business potential of the energy efficiency sector in Germany was the focus of the 5th annual Japan-Germany Industry Forum held last November in Tokyo. *Germany Trade & Invest* observes that “Germany’s investments in energy efficiency have created a EUR 50 billion industry” with “double-digit growth rates” expected in the coming years.



Michael Pfeiffer, Chief Executive of
Germany Trade & Invest held the opening presentation

II
Germany’s high-tech industries were the focus of a well-attended investment workshop held at the end of last year in Wuhan, China. More than 120 people participated in the event, most of them from Hubei province. Alongside national-level trade and investment contacts, representatives from eight of Germany’s 16 federal states and one regional entity were on hand to brief potential investors.



Markus Hempel, Senior Manager Electronics & Microtechnology

III
Highlighting opportunities for Asian investors in Eastern Germany, *Germany Trade & Invest* has hosted twin events in Seoul, Korea and Singapore. The networking sessions and business lunches were held in cooperation with the Korean-German and Singaporean-German Chambers of Industry and Commerce.



Dr. Peter Lendermann,
CEO D-SIMLAB Technologie Pte Ltd, Singapore

Cooperations

Life Science Cooperation with Israel

German and Israeli stakeholders in the life sciences sector have been actively cultivating their bilateral interests. The newly founded German-Israeli Life Science Committee (GILSC) met four times in 2009: once in April in Munich, then in June in Tel Aviv, again in November in Düsseldorf and finally in Tel Aviv in December.

In June, the GILSC confirmed Dr. Simone Botti (Vice President of Business Development at **RAD Biomed Accelerator**) as chairperson and Dr. Tilo Mandry (Senior Manager Life Sciences at *Germany Trade & Invest*) as deputy chairperson.

The event in Düsseldorf included expert-level input from a number of leading figures in the field of life sciences including: Zami Aberman, President and CEO of **Pluristem Therapeutics**; Dr. Manfred Baier, Head of Applied Sciences at **Roche**; Dr. Ulrich Betz, Head of Strategic Innovation & Research Portfolio Man-

agement at **Merck Serono**; and Dr. Alexander Schachtrupp, Head of the Medical Research department at **B. Braun**. The GILSC was created last April as a joint initiative between two German-Israeli business associations: the Deutsch-Israelischen Wirtschaftsvereinigung e.V. and the Israelisch-Deutschen Industrie- und Handelskammer.

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