

**Luncheon Roundtable**  
**California Space Authority**  
Los Angeles, June 13<sup>th</sup>, 2005

Ladies and Gentlemen

- It is a great honor to be a guest at your Luncheon Roundtable today.
- An aviation engineer myself, I often used to introduce myself as “a man who travels in aluminum”.
- But since I took on the role of Germany’s Federal Commissioner for Foreign Direct Investment... in addition to my job as Supervisory Board Chairman of Lufthansa... I feel more like an advocate of globalization.
- A great job – because I know that the United States and Europe have long become partners in prosperity – thanks to foreign investment in both directions. That is what I would like to push forward.
- FDI is an even greater driver of transatlantic commerce than trade. Foreign affiliate sales, not trade, are the backbone of the transatlantic economy. It pays to have a presence in each other’s markets.
- Currently there are over 2,000 U.S. companies working in Germany. Some 1,500 German companies have invested in the United States.
- In fact, Lufthansa Technik owns four aerospace companies in America and has shares in two other ones. We have 1,600 people working for us here. That has enhanced our global reach and widened our professional scope.
- Ties between our countries have traditionally been strong in the spheres of aviation and aerospace technology.
- German born, educated and trained, Wernher von Braun was the father of the Apollo mission that put the first man on the moon.
- And my own airline prides itself on having proposed the design and production of the first Boeing 737 and the dash 400 series of the Boeing 747 – both of which were extremely successful programs.
- Quite frankly, as an airline man ...I am a bit saddened by the fact that our two aerospace leaders – Boeing and Airbus – are resorting to the World Trade organization with their current dispute ....rather than to seek a negotiated settlement.
- Saddened – because I feel both will somehow lose in the end. Therefore, I hope that both will make best use of the usual cooling-off period that is inherent in the WTO mediation process.

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- I want to promote partnership and investment opportunities in Germany. That’s not only my job... it’s my ambition.
- And I feel there are more opportunities in Germany than might be seen by US aerospace companies at the moment.

- Boeing, for instance, has a corporate office in Germany but no subsidiary or production base. The only US direct investment I know of is that of Jeppesen.
- The German aviation and aerospace sector is quite powerful, with 70,000 highly skilled people working in the aerospace industry itself and a million people altogether in the aviation sector. Their annual turnover is some 15 bn euros – 18.4 bn dollars.
- More than half of the 130 aerospace companies engaged in the fields of aerospace systems, engines, equipment and materials technologies and components are SMEs.
- They are renowned for their high technological standards. Many of them are involved in multinational programs.
- The German space industry is making a substantial contribution to the construction and operation of the International Space Station.
- Europe's main contribution to the ISS is the Columbus research lab, built under the prime contractorship of EADS Space Transportation in Bremen. Germany is fully committed to the ISS program and trusts that the US will keep its commitment as well.
- We are very much hoping that the space shuttle will have a successful return to flight in a few weeks.
- My colleagues in the German Aerospace Industries Association are confident they can help to solve some of the technological challenges that present themselves – such as highly stressed thermal structures or the shuttle tiles.
- The German aerospace sector is highly efficient. Because of its capabilities Germany has been assigned the system leadership of the European satellite navigation system Galileo.
- The project is well on schedule for completion in 2008. 30 satellites will provide precise and independent navigational signals.
- The project will have significant benefits for public and private users. Forwarders and taxis or private car owners will be able to optimize their route planning.
- Galileo will be of great importance to the logistics industry which is a vital industry in the European single market. And aircraft will be able to fly shorter routes in Europe's crowded airspace.
- The added value of the Galileo system lies in the integration of navigation and communications and other information, which will – for instance – allow unusual applications – such as the tracing of stolen cars.
- R&D activities focusing on associated applications will offer opportunities for successful bilateral cooperation for many years to come.
- Germany is working with a great number of international partners on the Galileo project. And I can also envisage a good market potential for American suppliers in the field of ground-based systems such as on-board units in trucks and cars.

- We would like to see a greater degree of co-operation between American and European companies in our respective aerospace programs as a whole.
- U.S. companies have been successfully integrated in various Airbus programs. When you buy an Airbus aircraft you buy 30 percent American. And when you add engines ...the U.S. content can go up to 50 per cent.
- Airbus reckons that their A 380 program alone ...is creating some 22.000 jobs in the U.S. aerospace industry. The list of names involved is impressive – they include Hamilton Sundstrand, Goodrich, and Frisby Aerospace, to name a few.
- U.S. firms have a 10 per cent stake in the aircraft structure..... And what about European firms' involvement in Boeing projects?
- Two German companies have made a bid to supply the Boeing 787 program – Liebherr Aerospace and Diehl Avionik. They are specialists in high lift devices and avionics. Only Diehl was considered... and has in fact won the contract for supplying the cabin lighting...
- Well, as we all know, partnership works best when it is a matter of give and take. And it would be helpful if a more equitable balance could be achieved.
- Because both sides would benefit.... in terms of local market and customer knowledge.
- The synergy of partnership is invaluable. Let me give you an example from my own experience:
- Lufthansa and United Airlines were the founder members of the Star Alliance – now the biggest airline alliance in the world with 15 blue chip carriers around the globe.
- All of us work according to the win-win principle. In doing so we have been able to develop the most densely meshed global airline network. And our market penetration is very high.
- Although each member carrier stays independent, our clientele is more international and load factors are higher than we would have achieved if each of us had stayed on our own.
- Needless to say this spirit proved very helpful when our North-American Star Alliance members were struggling to survive. Air Canada, for instance, fully recovered from Chapter 11 thanks to the active support of other members.
- I wish the same co-operative spirit could be achieved between the highly sophisticated U.S. and European aerospace industries!

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- Following bilateral talks at a government level, the German Aerospace Industries Association has identified a number of interesting projects which are geared strongly to market requirements.
- Unfortunately, reciprocal U.S. projects to date have been mainly concerned with R&D, I was told,..... and have borne little relevance to market needs. That is why a deeper partnership has not developed.

- Knowing the effects that alliances and partnerships can have ...I hope that a new initiative will be taken – perhaps by the CSA – to enhance mutual cooperative relations.
- Germany is a country with a lot to offer.
- It remains the first choice for U.S. companies as regards service and competence centers and R&D in Europe. That is what AmCham Germany reports.
- Germans continue to register the highest number of patents in Europe.
- Companies like Ford and BP have moved their European research centers from the UK to Germany for that very reason. Germany's workforce is both highly skilled and very flexible.
- Jeff Immelt of GE recently said he would not invest in Germany in order to build ice boxes. That could be done more cheaply in Poland or Slovakia. But he would always invest in high-tech plants. So he did and spent 2 bn euros in a medical technology center in Munich.
- In all major future technologies German aerospace companies represent leading-edge developments.
- On their long list of aerospace innovations which they are pursuing you'll find
  - Fuel cell technology for electrical supply aboard aircraft and space vehicles
  - Heat exchange engines
  - Effective flight guidance systems
  - Satellite-based data transmission systems using micro-mechanical systems
  - High-speed data transmission using solid-state lasers
  - Unmanned flying objects for reconnaissance and monitoring purposes
  - Re-usable space transporters – known as the Phoenix or Hopper project
  - Intelligent robotic and life-support systems for manned space flight. ....And much more.
- Another subject, of course, is nanotechnology. It is a field in which Germany has assumed leadership in Europe – half of Europe's nano-tech companies are based in my country.
- The German output of publications and patents ranks amongst the highest in the world.
- Nine nano-tech centers of competence have established themselves already. They combine the knowledge and support of nearly 500 participating entities – scientists, business companies, universities and financial services.
- Nanotechnology offers a host of applications in any technical field. From biotech to energy, from surface treatment to micro-control systems or opto-electronics.

- One of the Networks of Excellence initiated a program called “nano in space”. A prototype of a scanning probe microscope has been developed for three experiments on board the ISS.

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- No wonder, (Ladies and) Gentlemen, that Germany is an attractive location for U.S. companies in the heart of Europe.
- The enhanced European Union is now a market of 454 million consumers. And it is a market where the jobs are ...filled by highly skilled and well-trained men and women.
- For that reason Germany is also where the opportunities are:
- 71 percent of U.S. companies operating in Germany... expect more turnover this year. 40 percent want to increase their capital expenditure... and 21 percent plan to hire more staff.
- I think this is a pretty convincing token of confidence in Germany as a business location.
- Why should the aerospace sector stand aside?
- I am hoping that my words have given you some ideas to kick off your questions.