

**THE NRW - AMERICAN PARTNERSHIP:
BENCHMARKING SUCCESS**



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THE GERMAN-AMERICAN PARTNERSHIP: BENCHMARKING SUCCESS

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NORTH RHINE-WESTPHALIA AND THE UNITED STATES

The economies and the peoples of the United States and the Rhineland have become extraordinarily intertwined over the 325 years since the first organized group of German settlers departed Krefeld for Philadelphia in 1683. The 18th and 19th centuries were characterized largely by immigration to the U.S., while the 20th century has seen more movement from the United States to Germany, such as the establishment in 1931 of the Germany HQ for the Ford Motor Company in Cologne. After WWII, the U.S. diplomatic presence was headquartered in Bonn (1949-1999), leaving behind a vast number of linkages in NRW on multiple levels that continue to this day. Economic ties are most extensive in the Rhineland, but they are also very present in the Ruhr area and the Lippe and Westphalia regions, including the Sauerland and Siegerland. They are extensive between institutions and peoples throughout the state.

I. Economic and Business Connections

A. Investment

	<u>2004</u>	<u>2005</u>	<u>2006</u>
U.S. in NRW	€ 22.9B*	€ 21.1B	€ 16.6B
NRW in U.S.	€ 43.4B	€ 57.2B	€ 55.8B

(Source: Bundesbank)

	<u>Number</u>	<u>Employees</u>	<u>Sales</u>
U.S. Companies in NRW (2006)	772	112,414	€ 35.4B
NRW Companies in the U.S. (2006)	870	287,000	€ 96.0B

(Source: Bundesbank)

* ("B" stands for "billion" which equals "Milliarde" in German)

U.S. Investment in North Rhine-Westphalia

- There are 772 companies in NRW in which U.S. shareholders hold at least 51% of the stock.
- They employ a total of 112,414 people, more than in any single other German state.
- U.S. investment in NRW totaled almost \$25 billion in 2005, larger than U.S. investment in China or the Republic of Korea and about the size of U.S. investment in Italy.
- Of the 50 largest U.S. firms in Germany, 12 have their headquarters in NRW.
- Of the 20 largest American employers in Germany, 7 have their headquarters in NRW.

	<u>Employees</u>	<u>Sales</u>
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Five Top U.S. Companies in NRW (2006)

(In terms of annual sales; Source: AmCham Germany and company figures)

Ford Motor Company	18,000 (24,000 Germany-wide)	€15.3B
Johnson Controls	10,640	€2.7B
3M	2,962	€1.6B
UPS	7,110	€1.4B
Mars	1,800	€1.4B

Note: General Motors (Opel) and the consumer goods firm Proctor & Gamble have major production facilities in NRW, providing thousands of jobs. As their German HQ are not in NRW, however, they are not included in the list above, although they would rank among the five largest U.S. employers in NRW. Other NRW-based firms, such as the teleshopping giant QVC, employ larger numbers of people than some of the five listed above, but have lower annual revenues.

North Rhine-Westphalia Investment in the U.S.

- 870 companies from NRW employ some 287,000 people in the U.S., which amounts to some 36% of all jobs in German firms there.
- Investments in the United States by German firms with headquarters in NRW far exceed investments from other German states, comprising 34% of total German investment in the U.S.
- Over the last three years, investments from NRW in the U.S. rose by almost 29 % (in € terms), for a total of \$73.7 billion as of 2006.

Five Top NRW Companies in the U.S. (2006)

(Source: AmCham Germany)

	<u>Employees</u>	<u>Sales</u>
T-Mobile (CEO: American citizen Hamid Akhavan)	29,000	\$17.1B
Hochtief (Turner Construction)	7,332	\$11.1B
Bayer	17,200	\$9.8B
Thyssen/Krupp	25,000	\$9.7B
Tengelmann (A&P and Pathmark chains)	50,000	\$7.0B

Recent Success Stories

- **Thyssen/Krupp** in 2007 approved a € 3.1B investment in a greenfield steel mill in Alabama, one of the largest such investments ever in the U.S. by a foreign investor. When the plant starts production in 2010 (with its focus on supplying the U.S. automobile industry), it will employ as many as 2,700 people directly and another 29,000 indirectly in the United States.
- Logistics firm **UPS** has a major hub at the Cologne/Bonn Airport, a major European gateway for cargo traffic since 1986. In 2006, UPS completed a new \$135M automated sorting facility there, the largest single such investment outside the U.S. in the firm's history, nearly doubling its capacity. **FedEx** will move its central European

air hub from Frankfurt to Cologne in 2010, involving investment amounting to \$214M over the next two years.

- **QVC** is the teleshopping market leader in Germany with over 50% market share. It is also the #1 in Europe. Located in Düsseldorf, QVC has operated successfully in Germany since 1996 and employs over 3,500 people in Düsseldorf, Bochum, Neuss, und Hückelhoven. QVC has access via television to 37 million German households. With an income of €674B in 2007, 4.7 million customers and almost 75,000 products shipped daily, QVC Germany exemplifies the economic potential for U.S. firms doing business in the country. Growing at an annual average of approximately € 90M, QVC now leads the German catalogue order market. A € 45M addition to the Hückelhoven distribution center opened on July 1, 2008.

B. Trade

With a volume of \$ 21.8 billion, overall bilateral trade between the U.S. and NRW exceeds U.S trade with Spain and Sweden and is only slightly lower (\$.8B) than total U.S. trade with Central and Eastern Europe (without Russia, but including Poland, Hungary, Czech Republic, Ukraine, Slovakia, Romania, Bulgaria and the Baltic countries). It rose by 37% in the last three years:

	<u>2005</u>	<u>2006</u>	<u>2007</u>
NRW Exports to U.S.	€ 8.9B	€ 9.7B	€ 9.3B
NRW Imports from U.S.	€ 4.6B	€ 5.2B	€ 5.6B
Total Trade (Goods)	€ 13.5B	€ 14.9B	€ 14.9B

(Source: NRW Statistical Office)

U.S. Trade with North Rhine-Westphalia

- U.S. exports to NRW jumped to a record level of \$8.2 billion, a 52% increase since 2005 (22% in € terms), exceeding those to Russia.

North Rhine-Westphalia Trade with the U.S.

- The U.S. is NRW's most important export market outside Europe.
- In 2007, NRW exports to the U.S. amounted to \$13.6 billion, more than to its four most important Asian markets combined (China, Japan, India, and South Korea).

Trade Fairs

The economic impact of trade fairs held in NRW cannot be overstated and goes well beyond U.S.-NRW markets. A large volume of trade is conducted at the 30+ leading international trade show events held in NRW. Examples of these include MEDICA, Anuga, drupa, K, IDS, Interpack, Boot, Equitana and many more. Three of Germany's ten top trade fair organizations are located in the state (Düsseldorf, Cologne and Essen). Thus, NRW presents one of the most important combined trade fair venues in Germany and annually attracts thousands of U.S. companies and more than ten thousand business visitors from the U.S., who boost American exports and contribute to the local economy.

Trade Shows in NRW

	<u>2006</u>	<u>2007</u>	<u>2008 (EST)</u>
U.S. Exhibiting Companies	1,281	1,397	1,600
U.S. Trade Visitors	13,125	18,507	22,000

(Source: Messe Düsseldorf, Köln Messe, Messe Essen, AUMA, U.S. Commercial Service Düsseldorf)

II. People-to-People Connections

A. Travel and Tourism from the U.S.

- During the summer 2008 season, there were 42 direct flights/week between NRW (from Düsseldorf and Cologne/Bonn Airports) and the United States.
- American tourists are an important economic factor in NRW. Hotels in NRW register more overnight stays by tourists from the U.S. than from any other country, except neighboring Netherlands and the United Kingdom.
- In 2006, U.S. tourists spent more than \$337 million in NRW, a 16% increase since 2004. Despite the relatively weak dollar, the number of visits by U.S. tourists has remained at a high level and is now 53% higher than in 1991:

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Overnight stays by U.S. tourists	439,592	462,467	460,913

(Source: NRW Statistical Office)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenditures by U.S. tourists	\$296M	\$273M	\$337M

(Source: Federal and NRW Statistical Offices)

B. Resident Citizens and Emigrants

- The number of U.S. citizens living in NRW has grown moderately, but steadily during the past decade (9% since 1991). With more than 11,000, this number is now higher than ever before. This figure does not include all dual nationals (Germans who also hold American passports) who may comprise as many as 10,000 more.

- In recent years, about 1,800 German citizens have left NRW annually to take up residency in the U.S, either temporarily or permanently. During the last ten years 4,582 German citizens from NRW have emigrated to the United States:

	<u>2005</u>	<u>2006</u>	<u>2007</u>
U.S. citizens resident in NRW <i>(Source: NRW Statistical Office)</i>	10,933	11,127	11,392
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Germans who have left NRW to take up residency in the U.S. <i>(Source: NRW Statistical Office)</i>	1,792	1,818	1,762

III. Research & Technology Connections

A. Universities and Technical Colleges

Virtually all NRW **universities** collaborate with partners in the United States. A small snapshot:

- The RWTH Technical University Aachen (one of Germany’s three “elite” universities) works with MIT and Columbia in nanotechnology and in many other areas.
- In June 2008, the Rectors of Bochum, Essen-Duisburg and Dortmund universities (“University Alliance Ruhr”) signed a cooperation agreement with the University of Pennsylvania in engineering.
- The New York office of the ConRuhr USA Consortium unites the three Ruhr-based universities and 200 institutes into one network to coordinate R&D activities with American partners.

B. Research Institutes

The network of **research institutes** in NRW is one of the densest in Europe, with 50 technology centers, 59 universities and technical colleges, and 60 research institutes, virtually all of which collaborate with American counterparts.

- The Fraunhofer research institute network has its U.S. headquarters in Plymouth, MI and satellite offices in San Jose, CA; Brookline, MA; Newark, DE; College Park, MD; and East Lansing, MI.
- The Cologne-based German Aerospace Center has an office in Washington, DC and cooperates intensively with NASA, the U.S. Geological Survey, the Johnson Space Center in Houston, MIT, the National Optical Astronomy Observatory and others.
- The Research Center Jülich, which contains one of the world's fastest computers (from IBM) cooperates with the American Nuclear Society, the U.S. Department of Energy, and the Argonne National Laboratory. Jülich, together with RWTH Aachen Technical University, established a liaison office in New York City in 2007.
- The Max-Planck network decided in 2007 to open an office at Florida Atlantic University in Palm Beach County, FL, where it will also work with the Scripps Institute. This office will be financed primarily from U.S. funds.

IV. Educational & Cultural Exchanges

A. Educational

One of seven German-American Institutes countrywide, the Amerika Haus e.V. North Rhine-Westphalia is the legacy institution of the former Amerika Haus Cologne (the last of the 58 Amerika Häuser established in Germany after WWII), which closed its doors on September 30, 2007. This new public-private partnership of leading Atlanticists, which operates under the patronage of NRW Minister President Jürgen Rüttgers,

serves as a platform for dialogue and exchange between the United States and Germany in the public policy and cultural spheres.

Virtually all of the 59 **universities and technical colleges** in NRW have formal exchange programs of one kind or another with American colleges and universities (a total of 134 partnerships or about 1/10th of the total 1316 such partnerships nationally); academic cooperation with counterparts in the United States is extensive.

- Universities with ongoing U.S. partnerships include: Bonn (19), Bochum (14), Dortmund (12), Wuppertal (11) and the RWTH Aachen (8). Six of Germany's twelve largest universities are located in NRW where 469,000 students (or 24 percent of all university students in Germany) study.
- In 1968, members of the American diplomatic and business communities founded the American International School of Düsseldorf, which was renamed The International School of Düsseldorf (ISD) in 1986. It now has some 950 pupils and 115 faculty members. The International School on the Rhine (ISR), which opened in 2003 in Neuss and now has more than 400 pupils, is a member of the St. Paul, MN-based Sabis School Network. The Bonn International School is the successor of the U.S. Department of Defense Dependent School, which served the U.S. Embassy and international community during the Bonn Republic.
- The private Business and Information Technology School (BiTS) is owned by the Baltimore-based Laureate Group. In October 2006, BiTS hosted former U.S. President Bill Clinton at its Iserlohn Campus Symposium.

B. Foundations

Many of the national German **foundations**, such as the Konrad-Adenauer-Stiftung (CDU) and the Friedrich-Ebert-Stiftung (SPD), which maintain offices in Berlin and Bonn), the Friedrich-Naumann-Stiftung (FDP), as well as the Alexander-von-Humboldt Foundation and the Bertelsmann Foundation have offices in the United States, primarily in Washington, DC. Other foundations and think tanks have extensive cooperation with U.S. partners, including:

- The Institute for the Study of Labor (IZA) in Bonn collaborates with the Center for Comparative Immigration Studies at UC San Diego, the Urban Institute in Washington DC, and the Davidson Institute at the University of Michigan.
- The Düsseldorf-based Gerda Henkel Stiftung works with the Classics Department at Brown University in Providence, RI and the Institute for Advanced Study in Princeton, NJ on historical research projects.
- The Cologne-based Fritz-Thyssen and Essen-based Alfried-Krupp-von-Bohlen-und-Halbach foundations also administer interdisciplinary programs in a variety of areas with American partners.

C. Partnerships

The official partnership between NRW and Pennsylvania formalized by Minister President Jürgen Rüttgers in 2006 has grown significantly, particularly in the economic and alternative energy area. He travels annually to the U.S. to develop stronger commercial, educational, political and other relationships. NRW Innovation Minister Andreas Pinkwart also travels regularly to the U.S., as do members of the NRW Landtag (parliament) and other ministries. U.S. state delegations, including and especially Governors, also regularly visit NRW.

- There are currently 23 active **sister-city partnerships** between cities in NRW and the United States. The oldest, dating to 1952 and still active, is between Hagerstown, MD and Wesel. Among the most active are Cologne-Indianapolis, Neuss-St. Paul and Aachen-Arlington, which organize school exchanges and programs in the arts and sports every year. More than half of NRW's sister-city partnerships are with cities in the Midwest, in particular with cities in Ohio (5), Illinois (5), Indiana (2) and Missouri (2).

U.S.-NRW Sister City Links:

(Source: Datenbank der Kommunalen Partnerschaft)

Arlington, VA – Aachen; Belleville, IL – Paderborn; Buffalo, NY – Dortmund; Charlotte, NC -- Krefeld; Chattanooga, TN – Hamm; Delphos, OH – Verl; Englewood, OH – Billerbeck; Fitchburg, MA – Kleve; Fresno, CA – Münster; Hagerstown, MD – Wesel; Indianapolis, IN – Cologne; Kirkland, WA – Emmerich; New Haven, MO – Borgholzhausen; New Knoxville, OH – Ladbergen; Pittsburgh, PA – Dortmund; Quincy, IL – Herford; Santa Monica, CA – Hamm; St. Marys, OH – Lienen; St. Paul, MN – Neuss; Tomball, TX – Telgte; Vermillion, SD – Ratingen; Wapakoneta, OH – Lengerich; and Waterloo, IL – Porta Westfalica.

- There are 106 active **German-American Partnership Schools (GAPP)** schools in NRW. In 2007, the GAPP schools in NRW organized some 51 exchange visits to the U.S. involving 879 students and 102 teachers. GAPP has been active since 1973.
- Of the approximately 120 **exchange organizations** in Germany (both commercial and non-profit), which offer programs for high school exchange, internships, au-pair, work & travel etc., some 35 are headquartered in NRW. Among them are American Institute for Foreign Study (AIFS in Bonn); InWent (Cologne); Experiment in International Living (Bonn); Open Door International (Cologne); ASSIST (Düsseldorf); and Travel Works (Münster). ASSIST alone has sent some 2,500 German 11th graders to selective independent schools across the United States over its 40 year history, a large percentage of whom traveled on full merit-based scholarships.
- Some 13 **German-American Clubs** are active in NRW, including the Düsseldorf-based Steuben-Schurz Association (founded in 1955 with over 500 members), and similar groups in Neuss, Cologne, Münster, Siegen, and Dortmund. Duisburg-based German-American Friends Niederrhein (whose former President Annette Thor also serves as President of the Federation of German-American Clubs), is particularly active, regularly celebrating German-American Day in October with a public event.
- **Music, Fine Arts, and Dance:** Many American artists and performers regularly stop in NRW, where a great number of Americans active in the arts and music also reside

and work. Precise figures on the level of intercultural exchange are difficult to obtain, but a few examples include:

- Major U.S. symphony orchestras regularly perform in Cologne, Düsseldorf, Essen and Dortmund. The New York Philharmonic has reportedly played as often in Cologne as in any one foreign location.
- International annual jazz festivals in Moers and Leverkusen feature leading US groups;
- Institutions like the Museum Ludwig in Cologne, the NRW Art Collection in Düsseldorf and the City Art Museum in Bonn frequently present the work of American artists;
- The Quadrat Museum in Bottrop was opened in 1983 by former U.S. Vice President George H.W. Bush and former German Chancellor Helmut Kohl to honor the work of renowned German-American artist Josef Albers; and
- American artists also highlight the biannual international dance festival in Düsseldorf and Neuss showcasing contemporary American dance.

V. U.S. Military Presence

- The U.S. military presence in Germany is usually associated with southern Germany (the HQ of the British Forces in Germany after WWII were in NRW), but more than 1300 American personnel and their families serve at NATO bases in Geilenkirchen, Rheindahlen, Kalkar, and Üdem. The economic impact of these forces is difficult to quantify, but for Geilenkirchen alone was in the order of \$71.8 M in 2007.