



# GERMAN-AMERICAN BUSINESS COUNCIL OF BOSTON, INC.

*Dedicated to encouraging and cultivating German-American business and trade.*

April 2008

## German-American Business Council Newsletter

Dear Friend,

We are pleased to hear how well the first edition of the Newsletter has been received and hope you will enjoy this edition which focuses on importing and exporting to/from Germany.

This Newsletter is a valuable tool which makes it easy to share information and stay connected with the GABC members. We invite you to get involved by letting us know which topics you'd like the association to address in the future, in addition to ideas for speakers and meeting topics.

Hopefully you are enjoying the new "Intranet" service which has just been launched. The intranet will help you have GABC member contact information at your fingertips, in addition to a number of other 'member-only' benefits. In addition, we are also working on the GABC Membership Directory 2008 and need your help; please inform [Kirsten Furman, our Executive Director](#), of any changes in your listing as soon as possible.

We are proud to announce several interesting and exciting events and activities after we had two cancellations due to winter weather conditions. Please mark your calendars:

- On April 10th our luncheon will be addressed by Dr. Bunse from the German American Chamber of Commerce New York with a presentation of a TUV expert with the topic: "The Carbon Market, Global and US Development."
- On May 12th we will present a speaker from the Hanover Chamber of Commerce, Dr. Prewo, in cooperation with the American Council on Germany.
- On May 29th during our networking event with our EU partners we will provide ethnic food and drinks at the Goethe Institute Boston.
- On June 14th we will celebrate our annual Sommerfest with German beers and food.

Since snow should no longer be a deterrent(!), I hope to see you at one or more of the upcoming events.

In the meantime, enjoy this issue!

Sincerely,



[Brigitte Carangelo](#)  
President

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### Upcoming Events

April 10th: Luncheon event, organized jointly between the GABC, the German American Chamber of Commerce, and TUV Sued. Go to: [April Luncheon](#)

May 12th: Joint GABC and ACG Luncheon.

May 29th: EU Anniversary Celebration, at the Goethe Institute with our EU partners, including sampling of foods from European countries

June 14th: Sommerfest

September 14th: Member Luncheon and Elections at the Union Club


October: EU Networking Event, date to be determined

November: Luncheon, (speaker to be announced)

December: Christmas Party (date to be determined)

For a complete listing, go to: [2008 Calendar](#)

# Competition through Cooperation: German Mid-Size Export Brewers Try New Business Model With Globalization

by Horst Dornbusch  
GABC-Board Member and Owner of  
Cerevisia Communications  
 Cerevisia Communications



Germany may have the oldest continuous beer culture in the world---the most ancient archaeological evidence of beer-making in Central Europe is a 2,800-year old beer amphora found near Kulmbach in Bavaria---however, the country is no longer the world's leading beer nation. China now produces about three times as much beer as third-placed Germany, and the United States produces more than twice as much. The twenty biggest breweries now control roughly three quarters of world's 1.8-billion-hectoliter annual beer production (projection for 2008), and about half the world beer market is now firmly in the hands of just five breweries, none of them German. These behemoths are Brazil/Belgian's InBev, South Africa/Great Britain's SAB-Miller, USA's Anheuser-Busch, Holland's Heineken, Denmark's Carlsberg, and USA's Molson-Coors. Four of the top twenty breweries are now Chinese, two are Japanese, and two are Mexican. Other brew giants with global reach operate from headquarters in Brazil, Russia, Turkey, and Venezuela. The Radeberger Group, Germany's top-volume brewer, by comparison, only ranks number 31.

As in many other industries, in brewing, too, the big players have been getting truly huge in recent years, mostly through a frenzy of global mergers, buy-outs and acquisitions. This concentration of brew-power, however, poses a serious problem for Germany's beer industry of some 1,250 breweries---half of them in Bavaria---because the bulk of them are small to mid-size companies without the marketing means and distribution muscle to effectively compete in the globalized beer market. The challenge for German brewers is not how to produce quality and variety, but how to get noticed in a market that is literally flooded with such industrial brews as Bud Light, Heineken and Corona. Clearly, to go head-on in terms of marketing dollars and shelf-price against the giants is not an option. If small German brewers want to acquire and defend export markets, they need to come up with non-conventional strategies.

This was the dilemma I found myself in, about three years ago, when the Bavarian Brewers Federation approached me for advice on how its members could become more serious players in the burgeoning American import market, which, only in the 1990s, amounted to just 2 to 3% of overall American beer consumption, but has now reached some 12%---most of it, of course, tightly controlled by the big global breweries. There was only one solution: The little guys had to join forces and unite. A single eighty-thousand hectoliter-a-year brewery may not have the resources to build up a distribution network to fight for shelf-space and recognition against million-plus-hectoliter breweries like Anheuser-Busch, but perhaps a group of them working in concert might have a chance to stir up enough interest in their beers to carve out a viable niche for themselves. Thus was the theory, but, as Immanuel Kant pointed out in his Critique of Pure Reason, what makes sense in theory does not always work in practice.

The greatest obstacle to cooperation among German brewers, it turned out, were the economic habits and attitudes they had learned over generations. In the old days, every brewery virtually owned its local market. There was no real competition. In fact, the local brew was often protected by town and city ordinances that kept neighboring brews out of the local taverns. The result was an industry run by proud, hard-working, and fiercely independent brewers who knew their craft and took direction from nobody. But that was before globalization. How things have changed! Today, not a single enterprise---large or small---can avoid being affected by or being actively involved in a marketplace without borders. The picture has expanded beyond most of our preconceived notions. We either become part of the change or we will be drowned by it.

## Member Profile



Dr. Frank Laukien

CEO  
Bruker Corporation

What's your connection with German-American business?  
*Bruker originally started almost 50 years ago as a German company specializing in nuclear magnetic resonance (NMR), but has evolved into a leading multinational company with an extensive portfolio of innovative, cutting-edge products for the biological, chemical and medical fields. Until February 2008, there were two separate Bruker companies carrying the strong Bruker brand name. They were founded by my father, Prof. dr. Guenther Laukien, from southern Germany. The two Bruker companies that became Bruker Corporation (NASDAQ: BRKR) in February 2008 are:*

*\* Bruker Biosciences Corporation, which has comprised three companies specializing in different fields: Bruker AXS (Handheld, Protein Crystallographic, XRF and XRD X-ray), Bruker Daltonics (Ion Trap, ESI-TOF, TOF/TOF, and superconducting FTMS mass spectrometry) and Bruker Optics (molecular spectroscopy).*

*\* Bruker BioSpin, the company that carries on Bruker's tradition in NMR; provides superconducting magnets and superconducting NMR spectrometers, and superconducting wire for different industries, along with research MRI and EPR.*

*These four companies continue as Bruker operating companies, working closely together in the US and numerous German locations, including extensive R&D and manufacturing throughout Germany.*

What keeps you busy when you're not working?



Still, the concept of cooperating for the sake of long-term common prosperity was a hard sell among Bavarian brewers. Eventually, a band of some 25 intrepid entrepreneurs eventually did sit together, in 2005, to discuss forming an export consortium for the pursuit of new opportunities in the American market. As the costs, risks, and accommodations of the collective enterprise sank in, however, attrition started to decimate the ranks ... until only four brave breweries were left: Germany's oldest family-run brewery, Zötler from the Allgäu town of Rettenberg; Meckatzer Löwenbräu of Heimenkirch, also in the Allgäu; Brauhaus Faust of Miltenberg, which will be branded in the U.S. as Miltenberger Brewery; and Neumarkter Lammsbräu, Germany's largest fully certified organic brewery.

Together, these breweries agreed to a common beer-style portfolio; to a U.S.-conform "family" design concept for all their packaging (elegant, slender 0.33-liter bottles in four-packs); to a centralized filling operation in northern Bavaria; to a common, exclusive arrangement with a licensed U.S. importer (Schwelmer Beer Imports, Inc., of Brooklyn, N.Y.); to a common pricing scheme for their beers; and to a jointly financed marketing and promotion strategy for launching their beers in the New World. After almost three years of preparation, the first containers of beer arrived in New York harbor in January 2008, and the beers are now on their way to regional distributors and their retailers in more than a dozen states, mostly along the East Coast.

The consortium calls itself "The Craft Brewers of Bavaria." There are several ingredients in the concept that will make the Bavarian Craft Brewers' imported brews unique. Unlike other imported beers, which are shipped in warm containers in the summer and often arrive already ruined over here, the Craft Brewers of Bavaria will ship their beers in refrigerated containers during the warm months of the year. This "Cold Track" concept is now being trade-marked by the U.S. Patent and Trademark Bureau. Unlike standard German half-liter bottles, the consortium bottles are short enough so they will fit in U.S.-size retail coolers, which will preserve their freshness. Finally, because "Bavarian Beer" enjoys the legal protection of a geographic appellation from the European Union, these Bavarian craft beers will be marketed using the official EU-Geographic-Indication logo.

Innovation and cooperation ... these are the tools these traditional Bavarian brewers are using to give man's oldest beverage, beer, a completely new appeal in the New World! The slogan of the new line of beer is "Bavarian Beer---Unique in the World" ... and, indeed, it is! Look for it to show up soon on the shelves of your favorite package store ... and, in a few months, look for an invitation to a beer-tasting social of the German-American Business Council, where you can sample them! Prost.

*Being the CEO of such a high growth company does not leave a lot of free time, but I recently enjoyed a brief vacation in Egypt.*

What do you like most about the GABC?

*We think the GABC's wide range of speakers and seminars is of particular interest, scientists like Charles Cantor of Sequenom, for example.*

What are you looking forward to seeing the GABC do in the future?  
*We're looking for more fascinating speakers of the same quality as we have seen in recent years.*

## Board Profile



**Katharina Helmick**

Financial Advisor  
Ameriprise Financial

What's your connection with German-American business?  
*Desire to help those of Germanic background to get familiar with the personal business and tax strategies for their financial planning in this country. Also, my university degree is from the Ludwig Maximilians Universitaet in Munich where I graduated with a Diplom Kaufman. I have fond memories of those years. I love the German language and to converse in it, especially with those that would understand the cultural background behind it.*

What keeps you busy when you're not working?

*Work :-), my husband and I love walking with our dog, movies, reading, tennis (Roger Fedderer and Maria Sharapova) and getting together with friends for all of the above.*

What do you like most about the GABC?

*The new friends I am making, and, while on the Board, the opportunity to contribute to the GABC's mission.*

## Buying Widgets In Germany Is One Thing But Getting Them Here Another!

by [Bernard Wilcken](#)

President of Interfreight Corporation

 [Interfreight Corporation](#)



Recently my friend Hector called me to let me know that he was starting an importing business. He told me that he had been looking for metal widgets for which he has a customer and finally found a manufacturer in Germany. When I asked him how he was going to get them to the US, he admitted that he hadn't really thought about it. When I asked him, who was paying for the transportation, he admitted he hadn't really thought about that one either. So, he had a buyer in the US and a supplier in Germany, but that is only a small step in the whole transaction. The product needs to be shipped, cleared through US Customs and delivered to the buyer. And that is where many an importer gets stuck. What next?

Right there, we have two issues that are paramount when considering importing. What means are being used to transport the product; ocean or air, and who is going to be responsible for the transportation charges?

In order to assist with making the right choices, the use of a knowledgeable and competent international logistics provider also known as an international freight forwarder is an extremely important component in the supply chain.

Let's start with the mode of transportation: Basically there are two options: Either by airfreight or by oceanfreight. Size of the shipment in weight and dimensions, the cost of transportation and the transit times are factors that play an important role in the decision making. As a rule shipping by airfreight is for smaller shipments, because the cost is higher, but on the other hand the shipments get to destination faster. Conversely shipping by oceanfreight is for larger shipments. It is less expensive than airfreight but it also has a longer transit time.

As soon as the shipment has arrived at the port/airport of destination e.g. Boston, the next issue would be for it to be cleared through US Customs or (they are now called Customs and Border Protection). As a rule, almost every commodity that is imported into a country has to pay duty. As always, the exception is the rule, meaning that there are times and items that can be imported "duty free". In most situations, the duty is charged as a percentage of the value of the shipment. Sometimes the duty is charged based on the weight instead of on the value, but that is not the rule. Duties are imposed to protect domestic market.

We know how the product is going to be shipped, we know that it has to be cleared through customs; we know that the importer will probably have to pay duty; but who is actually paying for all this; the supplier in Germany or the importer in the US?

What are you looking forward to seeing the GABC do in the future? Continue to inform the members and by extension the American public of the progress Germany has made using alternative energy and becoming therefore an encouraging example in Massachusetts in this area.

### Global Business Alliance Event Global Economic Outlook



February 12th, 2008

L to R: Karsten Xander, TUV Sued  
Brigitte Carangelo, GABC  
Marius Carstensen, GABC  
Matthias Grossmann, IBS America

The 14th Annual International Business Forum and Networking event on February 12th, presented by the Global Business Alliance of New England in conjunction with the GABC, Boston was extremely well attended due the hot topic: "Global Economic Outlook: Implications for International Business in the Years Ahead."

Christopher Probyn, Chief International Economist at the State Street Corporation and a leading economist in the area addressed such interesting issues as: the possible domestic recession, global economic indicators and future economic outlook for the U. S., the impact of the weakened dollar and the implication of the strong Euro.

We also learned about markets of growth and opportunity for global trade and investment. A lively discussion followed during the Q & A period and continued "tripping the light fantastic" during the Networking Reception late in to the evening hours!

Thanks to our sponsors, cooperating associations and Government exhibitors as well as our members for their strong support!

In 1936 the International Chamber of Commerce provided rules to determine exactly who pays for what, and those rules are called INCOTERMS or International Commercial Terms. There are a number of different "delivery terms" anchored in the INCOTERMS that are specific as to which party to the transaction pays for what part of the overall transportation chain. By the way, these INCOTERMS were revised in 2000 to meet today's more complex international trade. Going down the list of these "delivery terms" would take too long, but it becomes clear that there are many options both the seller and the buyer have as to who pays what part of the transportation chain. For instance, the supplier in Germany could pay the transportation up to the port/airport of exit and the importer in the US pays all charges from the European port of exit to delivered to his door - including the customs clearance and duty.

The long and the short of it is that both the supplier and the importer have to have very clear agreements not only as to the actual price of the product but also in regards to the mode of transportation and precise "delivery terms" to avoid possible misunderstandings.

## Meet Our New Members

Nina Blatter, Metro Boston  
Florian Bruno, Metaxas, Norman & Pidgeon  
Erik Dilger, Deloitte Financial Advisory Services LLP  
Olaf Frasukiewicz, DHL Express  
Volker Klein, Ernst & Young LLP  
Hermann Kloetzer  
Oliver Kuehlberger, Deloitte Financial Advisory Services LLP  
Gerard Leemann, Deloitte Financial Advisory Services LLP  
Tobias Mesecke, Philips Electronics North America  
Uli Mittermaier, Brainloop Inc.  
Christian Nitschke, German International School Boston  
Axel Oehlers, Heidelberg Print Finance Americas, Inc.  
Marko Rosenfeldt, Fat Spaniel Technologies  
Bennett Savitz, Savitz Law Offices, P.C.

For Membership information, go to: [GABC Membership](#)



The German-American Business Council of Boston, Inc. (GABC), [www.gabc-boston.org](http://www.gabc-boston.org), is a non-profit organization of companies, business people, and other professionals dedicated to encouraging and cultivating German-American business and trade. Through its speaker series, seminars, and special events the GABC provides a forum for the exchange of knowledge and ideas, and for business and professional contacts between its members.

The GABC membership is open to all interested professionals. Our members represent all facets of the international business community including import and export managers, manufacturers, trade specialists, bankers, financiers, insurance agents, government officials, attorneys, consultants, educators and entrepreneurs.

The German-American Business Council is a member of GBANE, the Global Business Alliance of New England.