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**Conference on Foreign Investment in the New States of
Central Germany**

Schkopau, Saxony-Anhalt, June 2, 2003
Ambassador Daniel R. Coats

As prepared for delivery

Thank you Dr. Dietz, Minister Stolpe, Minister Rehberger, friends from Dow, ladies and gentlemen -- it's a pleasure for me to be here in Schkopau on this special day for Dow Chemical and for our combined efforts to promote investment and prosperity in eastern Germany and U.S.-German economic cooperation.

In a short time we will celebrate with Dow as it launches the further expansion of this already impressive industrial facility. This important event makes a perfect backdrop for the policy issues to be taken up at this conference on foreign investment in the new states of central Germany. We congratulate Dow and we thank you for hosting this conference along with your other celebration.

Dow is one of the largest American investors in eastern Germany, but it is certainly not the only one. Executives from several other U.S. companies active in Saxony, Saxony-Anhalt and Thuringia are present today. In all, about 190 American firms have invested almost 11 billion euros in these three new states since reunification, and employ more than 30,000 people. American companies represent by far the largest group of foreign investor in eastern Germany. General Motors, Coca-Cola and Wal-Mart are just a few of the well-known, larger U.S. firms that have invested here. But many smaller and medium-sized companies have also invested in the east, and I'm pleased that several of them are represented here today too.

The United States is proud of the contribution American firms are making to the development of the new states. Besides capital, U.S. investors create jobs and introduce new technologies and business practices. They are also good corporate citizens with a strong sense of social responsibility. One need look no further than this Dow facility, one of the most environmentally friendly plastics plants in the world, for a good example. But even beyond the economic benefits to both sides, these investment flows help build mutual understanding and U.S.-German friendship. And based on the experience of recent months, we need all the help we can get in building friendship!

German companies are also investing billions of dollars in the United States, which we of course welcome. I told my wife she could get me the new BMW Z-4 sports car for my birthday because it's made in South Carolina, even the ones you see on the streets of Schkopau. Unfortunately she didn't. She didn't even get me an Opel from Eisenach.

The serious point here, though, is that the different regions of the world are all in competition with each other for investment capital. The U.S. and Germany compete. The new eastern states compete with the old western states. The new states compete with Poland, Czech Republic, Hungary and other emerging markets. This is a very stiff competition. As Dr. Dietz knows well, a region's ability to attract new foreign investment requires a good marketing program, but even more important is to get the fundamentals of the region's investment climate right.

The record of Dow and other firms shows that U.S. investors have a long-term commitment to eastern Germany. Nothing sells like success, and the success of the American and other foreign investors already in eastern Germany is the best

advertisement you could have as you work to attract additional investors here. Because of their experience, these investors are also your best source of information and advice as you examine the policy environment and work to establish the most attractive investment climate possible, to attract new investors.

That's the idea of this conference. The U.S. Embassy, working closely with the Ministry of Transport, Construction and Housing and the Industrial Investment Council, has tried to bring American firms already investing in the east together with German policymakers for a candid and constructive dialogue on issues facing the investment climate here. That many firms have found success in the new states and are expanding existing investments shows that the climate is already quite business-friendly. But there is always room for improvement. I would consider it a success if the dialogue today, while recognizing the positive features, also generates specific recommendations for further strengthening the investment climate in the new states.

Minister Stolpe and Minister Rehberger, I thank you both for your involvement today -- and tomorrow as well, because this dialogue will really only succeed if there is follow-up action on any recommendations we may develop today. Dr. Dietz, I thank you for serving as moderator and your ongoing service to this cause. And I thank our panelist companies for sharing their experience with us: besides Dow -- AMD, Bell Flavors and Fragrances, Mibrag, and Niles-Simmons. These are all great American companies that are contributing significantly to eastern development and U.S.-German friendship.

I look forward to the dialogue. Thank you very much.