LAUDATION OF DR. JÜRGEN WEBER

=== *as delivered* ===

Robert M. Kimmitt

Deputy Secretary of the Treasury

AmCham Transatlantic Partnership Award Dinner

Friday, October 10, 2008

Museum für Kommunikation, Berlin

Thank you, Erivan Haub, for that kind introduction. And sincere thanks to you, your wife Helga, and your entire family for all you have done for German-American relations on both sides of the Atlantic, especially for American servicemen and -women and their families.

Excellencies, Ministers Lambsdorff and Schily, State Secretaries Ammon and Pfaffenbach, Chargé Koenig, members of the American Chamber and especially its Transatlantic Partnership Prize jury, dear Sabine and Jürgen Weber, ladies and gentlemen. It is wonderful to be back in *meine Heimatstadt*, especially to honor Jürgen Weber, a leader of German industry, a strong supporter of German-American business ties, and someone I am proud to call a friend.

I claim Berlin as my *Heimatstadt* because my parents met and married here in March 1947, and I was born exactly nine months later in the United States. So, like John Kennedy, I can say, "*Ich bin ein Berliner*," and, in my case, I proudly bear the label "Made in Germany!"

But it was in another capital city, Bonn, that I first met Jürgen Weber. I had the honor in the early 1990's to serve as the first American Ambassador appointed to a united Germany in over 50 years. During this time, I had the pleasure of hosting Jürgen Weber to lunch in the Ambassador's Residence in Bad Godesberg overlooking the Rhine River. Jürgen kindly brought a gift, a wonderful book about the relationship in the late 18th century between the Kingdom of Prussia and the newly independent United States of America. Specifically, the book described the process leading to the Treaty of Amity & Commerce between Prussia and the United States, which was signed in 1785 by the King's representative and three interesting Americans: John Adams, Benjamin Franklin, and Thomas Jefferson! The book also discussed the first U.S. envoy in Berlin, John Quincy Adams, who later became our 6th President.

Jürgen Weber and I spent that delightful luncheon talking about many of the issues covered in the over 200-year-old Treaty of Amity & Commerce – especially free and open trade between two countries, based on timeless principles such as reciprocity and Most Favored Nation status. It became clear to me very quickly, and even clearer in the years that followed, that my luncheon partner had an excellent grasp not only of the operational and financial details of the airline business but also of the political and regulatory framework within which that important business and the larger German-American commercial relationship operates. I can thus think of no better recipient of an award that recognizes advancing the transatlantic relationship.

Jürgen Weber trained as an engineer in Germany, and he was graduated from the Senior Management Training Program at MIT. He is widely viewed as the driving force behind the successful privatization of Lufthansa. He followed up this historical accomplishment by restructuring the airline and embarking on a series of international cooperative agreements to ensure Lufthansa's profitability in one of the most difficult eras experienced by the airline industry. When he became Chairman of the Executive Board of Lufthansa in 1991, the company faced fierce competition and a declining air travel market, and it posted a net loss of $272 million that year. Sixteen years later, Lufthansa earned $1.65 billion and employed over 100,000 workers, making it Europe's second largest carrier and the leading member of the Star Alliance. Also in 2007, Lufthansa took a 19 percent equity stake in Jet Blue, the first sizable investment in a U.S. point-to-point carrier by a European company.

The Transatlantic Partnership Award acknowledges exemplary effort and success in strengthening the transatlantic relationship, which in today's globalized world, beset by financial and economic challenges, are more important than ever. To tackle the challenges facing the global economy and financial markets and to enhance our mutual prosperity, we must keep wide open the doors to international commerce and capital. Jürgen Weber embodies these principles of openness and cooperation in the transatlantic realm, and that is why we honor him this evening.

But we are not the first to recognize these special talents. Already in 1999, Germany's *Manager Magazine* voted Jürgen Weber "Manager of the Year;" in 2003, he received Airline Business's lifetime achievement award; and in 2006, he was admitted to *Manager Magazine*'s Hall of Fame. My only question, President Fred Irwin, is what took AmCham so long?

International cooperation is critical to addressing financial market turbulence

Nothing exemplifies the interdependence of the global economy and the critical nature of international cooperation as much as financial markets. Global financial markets are undergoing a necessary and severe process of de-leveraging and re-pricing of risk after a period of significant global imbalances, lax lending standards, aggressive appetites for risk, and an erosion of market discipline.

In the United States, we are taking action to secure systemically critical financial institutions; support the mortgage market; secure private deposits; and unclog financial markets of mortgage-related illiquid assets. In a concerted effort to stabilize markets and provide liquidity, we have cooperated extensively with Europe in the Financial Stability Forum and with our G-7 partners and others. In fact, as we gather here tonight, the G-7 finance ministers are meeting at the U.S. Treasury Department, and I fly to Washington tomorrow morning – on the first Lufthansa flight from Berlin – to a series of related meetings.

Our monetary authorities have coordinated actions to provide liquidity, highlighted by the establishment of U.S. dollar swap arrangements among the Federal Reserve, the European Central Bank, and the central banks in the UK, Sweden, Switzerland, and Denmark. And this past Wednesday, the European Central Bank, the Federal Reserve, the Bank of England, and the Central Banks of Canada, Sweden, and Switzerland took coordinated action to jointly reduce their policy interest rates.

However, as developments in Europe over the past two weeks demonstrate, we need to do more to enhance international cooperation and stabilize financial markets. The EU finance ministers have developed broad principles for government interventions in financial markets and supported raising protection levels for depositors. At the same time, the European Commission is working on a framework to operationalize these principles and consolidate Europe's depositor insurance schemes. We must continue to strive for common solutions to a common problem – strengthening our financial institutions and restoring financial stability to the markets – while maintaining flexibility to tailor policy actions to the circumstances of particular countries.

In the United States, we recognize that our regulatory framework needs updating, which is why we started work on a proposal to modernize our regulatory regime long before the recent market turmoil. And here in Europe, the European Union’s work to consolidate its prudential regime of 27 Member State regulators also predates the turmoil. Smarter regulation and greater transparency are critical to financial market stability, especially considering the increasing complexity of financial instruments, but market discipline also has a continuing important role to play. Our goal is to encourage and support financial markets in promoting economic growth and job creation. To do this well, we need to strike a careful balance between effective regulation and market discipline.

The importance of FDI flows

Vibrant and creative financial markets are the foundation for economic growth, and foreign direct investment provides an important source of needed capital. Everyone in this audience understands that the free flow of capital across borders into open and competitive markets benefits both of our countries immensely. Jürgen Weber knows this well, which is why he was so successful as head of the "Invest in Germany" initiative.

Foreign investment creates good jobs and raises worker productivity. In the United States, foreign multinationals employ 5.3 million Americans, accounting for 4.6 percent of the workforce and producing 6 percent of total output. These foreign-owned operations in the United States produce 19 percent of U.S. exports and contribute 14 percent of total R&D expenditure. And over 30 percent of these jobs is in manufacturing, while less than 15 percent of the overall U.S. workforce is in manufacturing. German-owned companies in the United States, many represented in the audience today, provide 665,000 of those jobs. On this side of the Atlantic, Germany thrives on free trade and open investment. Since 2000, the German export machine has accounted for nearly 70 percent of total economic growth, and U.S. companies, some of whom were recruited by Jürgen Weber, employ almost 800,000 German workers.

Unfortunately, the free flow of capital is now being questioned, and in some countries restricted, due to perceived threats from sovereign wealth funds and state-owned enterprises, as well as other foreign investors. We must avoid the trap of creeping protectionism. If we fail, a source of dynamism and growth in both our economies will be at risk, just at the moment when free capital flows are most vital to economic recovery.

The German government is in the process of adopting an investment review mechanism that is intended to be narrowly tailored. We in the United States are finalizing new regulations for our Committee on Foreign Investment in the United States, which will help maintain our open investment orientation. We must implement these regimes in a way that responds to legitimate threats to national security but maintains an open door to foreign investment. Germany and the United States must remain compelling examples of the benefits of open investment as other countries consider their investment review policies.

Both sides of the investment equation – investors and recipients – have responsibilities to help keep capital flowing freely. Internationally, sovereign wealth funds have made good progress in developing a set of best practices, working closely with Europe and the United States under the auspices of the International Monetary Fund. These best practices will be released to the public this weekend in Washington at the annual meetings of the World Bank and IMF. At the OECD, we are also working on finalizing a set of guidelines for recipient countries based on the principles of predictability, accountability, transparency, and proportionality.

But vocal private sector input is also critical to promoting open investment and driving home the point that foreign investment creates jobs and economic growth. You need to make your voices heard in Germany as it adopts and implements the new review regime and in Europe as the European Union addresses energy unbundling and strives for continued progress on one of the founding principles of modern Europe: free movement of capital among EU Member States. And those of you who have U.S. operations should encourage your U.S. leadership to meet with both the new Administration and Congress to emphasize that your investment creates good U.S. jobs.

Improving cooperation through the TEC

In closing, and especially before this important group, I want to say a few words about the continued importance of deepening our transatlantic economic relationship. At the end of 2006, Chancellor Merkel proposed the creation of the Transatlantic Economic Council as a cooperative platform to promote closer commercial ties, and it was launched in 2007 during the German Presidency of the European Union. I consider the Council, commonly referred to as the TEC, to be the most significant transatlantic economic initiative ever taken during an EU Presidency.

Twice a year, the TEC brings together senior policymakers from both sides of the Atlantic to consider measures to reduce the costs and regulatory burdens of doing business in the transatlantic market. The TEC, which will next meet later this fall in Washington, D.C., forces progress on even the most difficult issues, because every year at the EU-U.S. Summit, the President of the United States and European leaders will hold their economic policymakers accountable for results.

During the past year, we issued a joint Statement on Open Investment and achieved significant progress on mutual recognition of IFRS and US GAAP accounting standards. The TEC also helped resolve a long-standing transatlantic issue as our governments signed the EU-U.S. “Open Skies” Air Transport Agreement at the April 2007 EU-U.S. Summit in Washington, D.C. The Agreement came into force in March 2008, and we are now negotiating Phase II of the Agreement.

However, the TEC process is only as good as its substance. We need those of you in the private sector to identify obstacles to investment and trade, and we need your help to prioritize the work stream. The TEC’s design incorporates advisors, including the Transatlantic Business Dialogue, Consumers Dialogue, and Legislators Dialogue, to feed into the process. Working together, but only together, we can reduce the cost of doing business across the Atlantic to our mutual benefit.

As we move forward through these difficult times, Germany and the United States will continue to work together to relieve stress in the credit markets, stabilize the global financial system, and encourage new opportunities for economic growth and job creation, both at home and abroad. Today, as in the past, we will draw on the depth and strength of our relationship to accomplish more together than we ever could alone. And we will continue to rely on German business leaders like Jürgen Weber to foster closer transatlantic relations through open communication, close cooperation, and tangible results.

Ladies and gentlemen, thank you for your kind attention, and Jürgen Weber, congratulations and thank you again for your outstanding contribution to the transatlantic relationship.