



BAVARIA IN THE NEWS

Solar boom boosts Bavaria's silicon manufacturers

See page 2

Passau: emerging center of nearshoring

See page 2

Top scientists and students flock to Bavaria's top ranked universities

See page 3

Markus Brehler and his place-them-anywhere switches and sensors

See page 3

Pleasures to be pursued: Fengshui in Bavaria

See page 4

Dr. Peter Presber: our representative in Croatia

See page 4

Foundation stone: post-acquisition Linde moves its headquarters to Munich

See page 4

Trade fairs in Munich and Nuremberg

See page 4

What's inside

Bavaria's companies: favorites with analysts and graduates

Puma is Germany's most successful company, reports a study recently released by Bain & Company. No other company in Germany has grown over the last five years as fast and as profitably as the Herzogenaurach, Bavaria-based sports shoe producer.

The study surveyed the amounts and rates of sales, earnings and personnel increases turned in by 200 leading companies in Germany.

In view of this track record it's not surprising that Puma places in the top twenty of the companies university graduates in Germany most want to work for. Number one is another Bavaria-based company: BMW. The factors cited by the more than 14,000 graduates: the company's business successes, its track record of cultivating young executives and engineers, and its worldwide span of operations. These qualities are shared by Siemens, Adidas, Audi and other Bavaria-based top ten finishers.

The rankers' report: best in Germany

In September, business weekly **WirtschaftsWoche** released its 2006 rankings of Germany's 16 states. Bavaria finished first. Since Bavaria had topped the rankings since their inception in 2003, the result was anything but a surprise.

Earning Bavaria the top spot was the innovativeness and strong financials of its business community, of its state government and of its citizens, and the high quality of life prevailing in the state.

What was highly interesting, even startling, was that Bavaria finished second in the "dynamics" rankings, which assess the states' pace of development. This category is traditionally the province of underperformers registering relatively large, "catch up" rises. That's why none of the top three finishers in the overall rankings had ever placed in the dynamics one – until now.

As **WirtschaftsWoche** put it: "Bavaria has managed to do the seemingly impossible. It has further improved the structure of its economy ... This feat has resulted from the state's unswerving commitment to developing and implementing innovative technologies."

To put the study's findings in a nutshell: Bavaria is "number one with a bullet". The state is set to register further, nation-best growth – and to stay atop the rankings, which have an impressive scope of scrutiny. They assessed, among other things, rates of personal safety and of crimes solved. Bavaria finished first in both categories.

One main engine of Bavaria's performance is, as you would expect, Munich. Setting forth one of the longest traditions in German business, the state's capital finished first in the latest installment of the annual rankings of Germany's 50 largest cities. To compile their rankings of the city's business communities and prospects, the Initiative Neue Soziale Marktwirtschaft and IW Consult polled no less than 2,200 companies and employed 61 criteria. Among them: number of highly-qualified staff members, rates of corporate return and availability of B2B services. Munich finished first in these categories.

The rankers found that Munich's country-best prosperity stems from the strength of its business community, which is heavy on sunshine sectors.

Key technologies

Solar boom boosts Bavaria's silicon manufacturers

The world's demand for photovoltaic (PV) facilities is growing exponentially – 45% in 2005 alone, reports WorldWatch, which recently stated “solar is the fastest growing source of renewable energy in the world”. That's great news for producers of hyperpure polycrystalline silicon. It is this material, incorporated into cells, which produces the PV effect, in which the sun's light is turned into electricity.

Headquartered in Munich, Wacker Chemie AG is one of the largest producers of polycrystalline silicon in the world. It is thus not surprising that the company is in the process of setting one corporate record after another.

Nor it is surprising that the company is busy tripling its output of hyperpure poly-

crystalline silicon by the end of 2009. To achieve this, the company is continuously expanding its polysilicon production, investing €500 million in its production facilities in Burghausen. Wacker has been producing hyperpure polycrystalline silicon for the semiconductor industry at its Burghausen site for over 50 years.

PV cells are to be found in such “solar power plants” as the one in Pocking, Lower Bavaria. Commissioned in April, the plant's 62,500 modules have a maximum output of 10 MW of electricity – the most of any such facility in the world. Pocking is the just latest of a long series of “largest-in-the-world” PV facilities to have been set up in Bavaria over the past few years.

Inside the state

Passau: epicenter of the nearshoring movement

Germany is getting cheaper and cheaper, relatively speaking. Operating costs continue to strongly rise in such offshoring favorites as Ireland, the Czech Republic and

India. In Germany, they're holding steady, even declining in some cases.

Among Germany's metropolises, Munich is one of the cheapest, reported Mercer in its 2005 cost-of-executive-living study. That fact helps explain why the number of foreign technology companies in the city – already the greatest in Germany – keeps on increasing.

Munich is affordable. Such nearby (200 kms) regions as the economic region Passau, even more so. Located on the state's eastern reaches, at the confluence of three rivers, the region of 240,000 offers rock-bottom operating costs – 25% to 90% less than Munich, reports Go Passau, the local business authority.

Add in one of Germany's highest-ranked universities, a cityscape which is a proven tourist attraction, a center-of-Europe location, and a four-seasons quality of life, and it's no wonder that the Passau region's business community is flourishing.

Nor is it any wonder that this community features an ever-greater number of ‘nearshoring’ companies – ones seeking

Key figure

€5.9 billion was realized from sales of buildings and properties in Munich in 2005. The size of the rise over 2004 – 25% – has led experts to declare that “Munich's real estate sector is booming.” The experts attribute this rise to pent-up demand for premises, to the low (by historic and international standards) prices prevailing in Munich, and to the availability of low-interest financing.

1000. Capping years of rapid rises, that is the number of farms in Bavaria producing homegrown energy – “biogas” – from biological refuse – “biomass”. The total amount of energy stemming from biomass in Bavaria has increased by 40% since 1990, reports Erwin Huber, Bavaria's minister of economic affairs, infrastructure, transport and technology.

offshoring-similar costs and the reliable and secure infrastructure, energy supply, legal system and personnel prevailing in such western countries as Germany.

Interestingly, among these companies are those from both such classic offshoring destinations as the Czech Republic and China and from such lead offshorers as the USA, Switzerland and Austria.

To accommodate this emerging influx of nearshoring companies, Go Passau is working with the local business community and the municipal governments in its region in setting up a technology park and a stock of other suitable premises.

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Bavaria in Europe

Higher education in Bavaria: best in Germany, the foreigners' favorite

Records and rankings go together, at least they do in Bavaria's institutions of higher education.

Powered by an increase in the Chinese, now the largest of all nationalities, the number of non-Germans studying at Bavaria's universities during the 2005/2006 academic year came to 28,933 – an all-time high. This increase boosted the percentage of non-Germans among Bavaria's students to 11%.

Indications why the foreigners are flocking to the state's institutions of higher education came from the latest installment of **Focus** newsweekly's rankings of Germany's universities. TU (University of Technology) Munich finished first; LMU, its cross-town counterpart and Germany's largest university, second.

In a total lack of coincidence, both universities feature large-sized foreign enrolments (20% for the TU and 17% for LMU) and both were accorded in October, 2006, the highest honor bestowed in German education.

After assessing all of the country's 110 universities, a panel convened by the German

government and comprised of the country's leading experts on education and research decided that three institutions of higher education were worthy of being named "**Germany's elite universities**".

This honor will have eminently practical consequences for the TU and LMU. They will receive funding and other assistance fast-tracking them for further development into world-class rivals of Oxford, Harvard or Stanford.

Other good news for the TU and LMU: June 2006's announcement that they had topped the Humboldt rankings, which place Germany's universities by the number of foreign fellows researching at them over the previous five years. The TU placed number one in the natural sciences, with LMU finishing third. LMU, on the other hand, finished first in the life sciences.

Nor was the good news confined to Munich. The University of Erlangen-Nuremberg notched a strong eighth place in the Humboldt rankings. The University of Passau, Bavaria's youngest, has the second best law school in the country, announced another set of rankings.

These records and rankings are the result of the Bavarian government's systematic cultivation of excellence in higher education. A key component of this cultivation has been the Elite Network of Bavaria (www.elitenetzwerk-bayern.de). Founded in autumn 2004, the ENB stages 16 degree programs and 10 pre-doc seminars at Bavaria's nine state-run universities. These programs cover such advanced, cross-disciplinary subjects as the nano-based design of high-performance catalysts and quantum computing. These universities also serve as nodes for Bavaria's campaign of fostering the development of clusters in 19 areas of technology.

The network is in the process of being expanded by a further four graduate programs. When completed, the expansion will leave the network with a faculty of 223 professors.

For further information:
www.tum.de
www.uni-muenchen.de

A state of entrepreneurs

Markus Brehler

Wireless sensors and switches capable of procuring their own power from the user's touch, from miniscule solar cells or from changes in temperature, of broadcasting their information up to hundreds of meters away, and of thus able to be placed anywhere in a device or structure.

These are just few of the world-changing products stemming from EnOcean GmbH. No wonder that the Davos-based World Economic Forum selected the Oberhaching-headquartered company to be one of its "World Technology Pioneers" for 2006.

This is just the latest of the honors accorded to the company, which was founded in

2001 by Markus Brehler. Among the others: "Start Up of the Year", conferred in June 2006 by Hasso Plattner Ventures. It's a subject Plattner knows something about, having been one of the founders of SAP, the world's largest producer of ERP software.

The signal and energy generation technologies deployed in EnOcean's products were developed at Siemens, in the corporate's research department by Frank Schmidt, now EnOcean's CTO. It was Brehler, a graduate of the Technical University Munich, who presided over the spinning off of the company, whose development is backed by major Munich Venture Capital firms. How well this development has been going is

indicated by the fact that EnOcean's products are now bestsellers (more than 150,000 sold!) in the building automation sector.

There is one further reason for the soaring popularity of EnOcean's products: they require no maintenance. That's because they have – literally – no moving parts, because they don't need batteries and are not physically linked to the networks they serve. These attributes make them the ideal components of advanced anti-intrusion systems.

For further information:
www.enocean.com

Pleasures to be pursued

Fengshui in Bavaria

Want to know how esoteric Bavaria's tourism industry has become? Then go to Lalling. The centerpiece of the eastern Bavarian spa of 1,600 is its gracious park. It features a "path of chakras" (they are the body's "power plants" in traditional Hindu medicine), a garden of Celtic medicinal plants, and a "heart of stone". Like those of the park's other elements, the stone's placement and location accord to the teaching of fengshui.

The tenets of this Chinese teaching are simple to understand. Human beings set up their ambient environment – its structures and grounds. These elements, in turn, determine their owners' fortune. A proper placement will have the harmonies promoting flows of health and prosperity-assuring energy.

As fengshui enjoys an ever-greater number of adherents, and as it produces consummately beautiful and harmonious buildings and gardens, it's not surprising that Bavaria's enterprising tourism industry has climbed aboard the bandwagon. There are now fengshui chambers and centers in the state's wellness hotels (including those in Erlangen, Hausen-Roth and Ruhstorf) and vacation dwellings (such as those in Bad Füssing).

To build their fengshui-compatible buildings, their owners often engage the services of local architects. Prime among them: Thomas Glöckner. As reported in last issue of **Bavaria in the News**, it was the Nuremberg-based architect's mastery of fengshui which led to his being awarded a prestigious commission. Beating out 800 competitors (many of them Chinese), he was engaged to design Beijing's National Indoor Stadium, which will be the one of the main venues of the 2008 Olympics.



Fireplace in Lallings Fengshui park

As the local government reports, Lalling's park has quickly become a hit with both local residents, tourists and tourism authorities, many of whom arrive from afar to stroll around the grounds – or to take a guided tour.

"We expect to see a large number of other parks – in Bavaria and elsewhere – in the near future. Success breed imitators," says Lalling's local tourist officer resignedly.

For further information:
www.bayern.by
The state of Bavaria's tourism portal

Our representative in ...

Croatia is **Dr. Peter Presber**.

In addition to representing Bavaria in Croatia, Dr. Presber is also managing director of the Zagreb-based German-Croatian Chamber of Commerce. His career in international business relations started in 1991, and took him to Copenhagen, Moscow, Berlin and Sarajevo.

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Foundation stone

Linde grows and goes to Munich. After completing its takeover of the UK's BOC, the Linde Group is now one of the world's largest producers of technical gases. To provide itself with "operating parameters needed by a worldwide company", Linde has relocated its headquarters from Wiesbaden to Munich, where it already maintains extensive production facilities. These, in turn, are now in the process of being expanded.

... in Munich ...

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