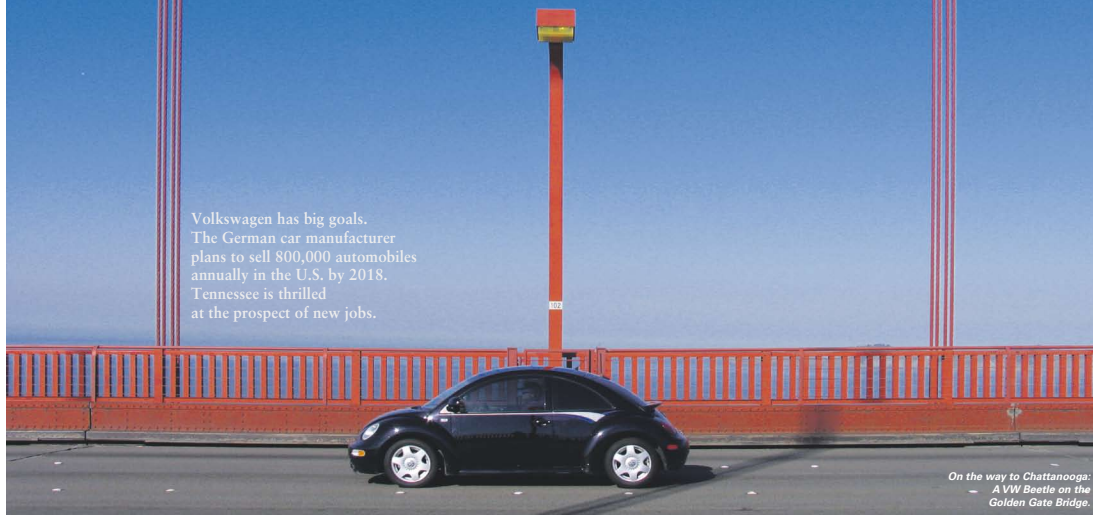


## Chattanooga Choo Choo

With a new production facility in the works, VW is gearing up for a big push in the U.S. | By Katja Ridderbusch

Volkswagen has big goals. The German car manufacturer plans to sell 800,000 automobiles annually in the U.S. by 2018. Tennessee is thrilled at the prospect of new jobs.



On the way to Chattanooga: A VW Beetle on the Golden Gate Bridge.

PHOTO: ALLAN ROZSAR/STANLEY LUTHER

What is a burden for some might be a blessing for others, goes the old saying. And it could prove to be very true in the case of the failing U.S. auto industry. As the big three, Ford, Chrysler and General Motors, find themselves on the verge of bankruptcy, struggling with structural change, a harsh economic downturn, unsteady fuel prices and fading consumer loyalty, Germany's biggest carmaker could become a beneficiary of the crisis.

Volkswagen has decided to make an aggressive move into the American market. For the first time since the company shut down its plant in Pennsylvania about 20 years ago, VW will invest \$1 billion to build a new production site in Chattanooga, Tennessee. Starting in 2011, Volkswagen aims to build 150,000 new mid-sized sedans annually, exclusively

designed for the U.S. market. A groundbreaking ceremony on the 1,350-acre site is planned for January.

The future VW plant in Chattanooga is an important step for Volkswagen in fulfilling its long term "Strategy 2018." By then, the German carmaker wants to sell 800,000 vehicles in the United States alone.

The trend among American consumers may help VW's ambitions, as is shifting from big, fuel-hungry pickup-trucks and SUVs traditionally produced by American automakers to smaller, more fuel efficient cars made by Japanese and European companies. "If any of the big three goes under, VW will have the golden opportunity to fill the void," said Tom Harrold, a corporate lawyer and partner in the Chattanooga-based law firm, Miller & Martin.

Expectations are running high in Chattanooga, an old manu-

facturing town, which American bandleader Glenn Miller famously wrote a song about, "Chattanooga Choo Choo." The city managed to transform itself from being the worst air polluter in the U.S. in the late 1960s to a truly "green city" with a riverfront park, restored wetland ecosystem and bike paths.

After an eight-month recruiting process, Chattanooga on July 15 won over its competitors, Huntsville, Alabama and Detroit, Michigan. "The infrastructure already available and the readiness of the site made Chattanooga the most logical choice to meet our demanding deadlines," said Frank Fischer, VW's team manager for the new facility. The fact that the city of Chattanooga and the state of Tennessee also offered an attractive \$577 million package in assistance and tax breaks over 30 years may have helped VW executives to make up their minds.

At Volkswagen headquarters in Wolfsburg, there is no concern that the current financial crisis and looming recession may impact the future production. "We will continue our construction process on schedule," said Fischer. "We are here on a long term commitment." VW hopes that by the time production begins, the economy will have recovered.

The most important thing the city and region of Chattanooga hope to receive from the deal is jobs. "This is what folks here really look at, plain and simple," said Trevor Hamilton, vice president of Business Development at the Chattanooga Area Chamber of Commerce. Lately, the region had suffered from layoffs in the textile mills and the slump in the housing and construction market.

Volkswagen promised the new plant will create 2,000 jobs. Furthermore, an economic impact study conducted by the Univer-

sity of Tennessee came to the conclusion that the project will create an additional 9,000 jobs from suppliers, dealers and other spin-off business. According to Harrold, "the VW project will greatly benefit the whole region" including the neighboring states of Georgia and Alabama.

In Chattanooga and at Volkswagen, people think they have a good reason to be optimistic as they look at the examples of prominent German automakers, which previously brought prosperity to the Southeastern United States: Mercedes Benz opened a plant in Vance, Alabama in 1993. More than 41,000 jobs in Alabama are directly or indirectly linked to the facility, and more than 90 suppliers have settled in the state, working not only for Mercedes but also for Japanese carmakers Honda and Toyota. About 5,400 people work for the BMW plant in Spartanburg, South Carolina,

and more than 8,500 for one of the 40 suppliers in the region. "The Southeast is clearly becoming the new epicenter of U.S. auto manufacturing," said Harrold.

Yet German automotive analysts remain skeptical. Christoph Stürmer, an automotive analyst with Global Insight, a market research firm based in Frankfurt, says while VW's new business plan for the U.S. "sounds promising," the goal of selling 800,000 automobiles in the U.S. by 2018 was "a bit of a bold vision." Even though he says he is convinced that this is a perfect time for tackling the U.S. market, he doubts whether VW's brand image in the U.S. will be strong enough to really support that much growth.

However, there will always be the consumer demand, says Harrold. "The predominant means of travel for Americans are automobiles," he said. "Some company will have to make them - why not VW?" ■

To titrate in a lab at MIT, to study at Harvard Business School - at first glance, the U.S. is something like the Promised Land of science for German post-doctoral fellows. Half of all college students in Germany who desire to continue their academic careers abroad spend some time in the United States - undisputedly the most important destination for academics on the path to a professorship.

This is all the more so due to the large number of universities there, which makes the job market much more promising than back home in Europe. After a successful, positive evaluation in a post-doctoral position, the tenure track beckons.

But a scarcity of funds at universities is also having an effect in the U.S. and tenure track positions are ultimately granted to just a few. Recent surveys show a majority of post-graduates would love to return home as a result. German politicians, provosts and the German Academic Exchange Service (DAAD) have pounced on these scientists and are vigorously tempting them to return home.

The reason is that Germany is suffering from a brain drain. That is why GAIN, the German Academic Interna-

tional Network run by the Alexander von Humboldt Foundation, the German Research Foundation and the DAAD regularly extend invitations to recruitment-like meetings. Partici-

pants are flattered with statements like "You are among the best!" The German Initiative for Excellence also aggressively solicits young talented scientists with new projects, positions and money, offering them one-of-a-kind opportunities back in Germany.

One person who seized this opportunity is Katja Schmitz, 29. She was recently appointed research director at the Karlsruhe Institute of Technology. The biochemist is leaving her position at Harvard's Department of Biological Chemistry and Molecular Pharmacology.

"It wasn't that Harvard actually taught me anything new," she said. She had previously earned her biochemistry degree at the University of Bonn. Speaking of her undergraduate education, she says, "It was very, very good. We have no need to fear comparisons."

At the time, Schmitz decided for the U.S. because she had already spent a semester abroad studying in the UK and wanted to remain in the English-speaking world. She says that the United States is naturally the leader in life sciences. Research budgets in the

## The Best Shall Return

Most German post-docs in the U.S. want to return home  
By Adrienne Woltersdorf

Many students in Germany dream of earning a degree in the U.S. and an academic career at an Ivy League institution. About 5,000 German researchers fulfilled this dream and currently work on the other side of the Atlantic.

U.S. usually have at least 10 times more funding than their European counterparts.

The laboratory equipment across the Atlantic was impressive, Schmitz added. She found countless numbers of interesting genome projects in her field. Still, Schmitz is confident: While Germany is expanding support for young scientists thanks to politics, the U.S. is cutting support for the same reasons. That is why she said she is delighted to be able to work in Germany again.

Just like Schmitz, Thilo Holscher, 41, admittedly very much enjoys the can-do attitude that prevails in American institutes. They do not discuss things to death, American colleagues are much more open

to new ideas and generally there was noticeably more flexibility, he said. But Holscher admits that not everything that glitters is gold - last year he attended a GAIN event and decided to return to Germany.

Holscher, a graduate in neurology, went as a research scientist from Regensburg University Hospital to the University of California at San Diego in 2002. He was promoted to assistant professor there in the radiology and neurology departments. And yet he returned to Regensburg this fall.

On the one hand, it was a very personal decision for Holscher. "I'm quite attached to Germany," he admitted. On the other, he was

surprised to find that he could explore projects in Germany that would be hopeless in the U.S.

As a highly specialized neurologist, Holscher developed a method to effectively begin treating heart attack patients in the ambulance before they get to the hospital. "I could not get this idea developed in San Diego," he said. "There were far too many legal hurdles in the way." In Germany, the city of Heidelberg responded immediately to the idea. It will be using this new treatment method in the near future to save lives, as Holscher put it.

Neither researcher said they would want to do without their experiences in the U.S. Holscher said his time there was a "win-win situation." He is returning to Germany with a project contract in his pocket for future collaboration with commercial partners from the medical industry. This would never have happened in Germany, as he feels certain that the hierarchies there are too rigid. But now he sees better possibilities than ever for himself at the Regensburg clinic.

Schmitz also wants to return to Germany because "home is home." Naturally, Harvard has substantially increased her market value in Germany. But she does not feel that Harvard took any better care of her than her alma mater in Bonn. "There is simply a lot going on in Europe," she said. "The universities are so dynamic right now. It's exciting." ■

