

Economic development
Investments

E.A.Z.-INSTITUT

L-BANK
Staatsbank für Baden-Württemberg

Investment Guide Baden-Württemberg.



Invitation to Baden-Württemberg

Baden-Württemberg is a singular place to live and work. Even during the financial and economic crisis, the state has proven itself to be a region of exceptional technological strength. Within the European Union, Baden-Württemberg ranks as one of the leaders in innovation. Such indicators as high employment rates in industrial high-technology sectors or top positions in the patent density speak for themselves. Furthermore, there is hardly another region in the European Union that has such a broad and strong research structure. These achievements did not just happen on their own: The share of Baden-Württemberg's gross domestic product that the state government invests in research and development is second to none.

The state's know-how is possessed by its employees. Employers, research organizations and educational institutions can draw on a vast pool of highly qualified specialists. Baden-Württemberg tackles the global shortage of employees in technical and scientific fields with a tightly woven network of institutions of higher learning and professional-development opportunities. Entrepreneurs and investors profit in particular from Baden-Württemberg's central location in Europe and from the exceptional infrastructure offered by the southwestern region of Germany. In the Stuttgart Trade Fair, Baden-Württemberg has a central exposition site that meets international standards. The planned construction of the underground train station Stuttgart 21 and the expansion of the high-speed route between Stuttgart and Ulm will significantly upgrade transportation connections in the state capital. Profiting from these developments will be international train service and thousands of commuters who travel to and from Stuttgart each day. A strong infrastructure also includes cutting-edge communication technology. A highly developed broadband infrastructure

offering high bit rates has become an irreplaceable partner in business and social life. Realizing this, Baden-Württemberg has made access to high-speed Internet service in rural areas a top priority.

Another striking feature of Baden-Württemberg is the state's high quality of life. The region through which the Rhine, Neckar and Danube flow offers a broad assortment of leisure-time activities, ranging from world-class sports to tourism attractions and culinary delights. Life in Baden-Württemberg also means having a vacation destination and enchanting countryside right outside your front door. The combination of high quality of life and economic strength makes the state a particularly appealing place to locate.

In compiling the "Baden-Württemberg Investment Guide," we have striven to provide interested investors with an initial impression of the state. You will find a wealth of information, which will certainly raise new questions. For this reason, the investment guide is filled with contact addresses and links to institutions that will be glad to assist you. Do not delay. Get in touch with us today! Baden-Württemberg is looking forward to getting to know you.



DR. MANFRED SCHMITZ-KAISER
MEMBER OF THE BOARD OF
MANAGEMENT AT THE L-BANK



VOLKER SACH
MANAGING DIRECTOR
OF THE F.A.Z.-INSTITUTE

Contents

1.	Quality of life	Page	5
1.1	People and places		5
1.2	A vacation spot right outside the front door		6
1.3	Baden-Württemberg: a land of connoisseurs		6
1.4	A treasure of art and culture		7
1.5	Sports and leisure-time activities		8
2.	Infrastructure in Baden-Württemberg – the basis for future growth	Page	9
2.1	Key infrastructure projects		9
2.1.1	Exhibition centers in Baden-Württemberg		9
2.1.2	Transport infrastructure		11
2.1.3	Modern administrative practices		13
2.1.4	Employee pool and job market		13
2.1.5	Expansion of broadband access		15
2.2	Research and education		15
2.2.1	Research		15
2.2.2	University studies and occupational training		19
2.2.3	Secondary education		25
3.	Economic structure and development	Page	26
3.1	Economic structure		26
3.2	Sector focuses		28
3.2.1	Industrial sectors		28
3.2.2	Information and media sector		33
3.2.3	Services sector		34
3.3	Economic development		35
4.	Investment conditions	Page	37
4.1	Establishment and acquisition of a company		37
4.1.1	Legal forms of organization		37
4.1.1.1	Joint-stock companies		37
4.1.1.2	Partnerships		40
4.1.2	European legal developments		41
4.2	Business taxes		43
4.2.1	Taxes on profits		43
4.2.2	Taxes on assets		44
4.2.3	Transaction and consumer tax		44
5.	Economic development	Page	45
5.1	Points of contact		45
5.2	Investment-support programs		52
5.2.1	Overview		52
5.2.2	Medium- and long-term financing		53
5.2.2.1	Rural development program (ELR)		54
5.2.2.2	Business startup and growth financing (GuW)		54
5.2.2.3	Regional and technology support		55
5.2.3	Short- to medium-term financing		55
5.2.3.1	Liquidity support		55
5.2.3.2	L-Bank-Invest		56
5.2.3.3	L-Mittelstand		56
5.2.4	Equity financing		56
5.2.4.1	L-EA Venture Fonds		56
5.2.4.2	L-EA Small and Medium-Sized Company Fund		57
5.2.5	Equity-type financing (mezzanine financing)		57
5.2.5.1	Silent participation by Mittelständische Beteiligungsgesellschaft Baden-Württemberg (MBG)		57
5.2.5.2	ERP capital for business establishments (KfW)		58
5.2.5.3	L-MezzaFin (L-Bank)		58
5.2.6	Environmental protection		58
5.2.6.1	Environmental-protection and energy-saving support program		58
5.2.6.2	Climate-protection plus support program		58
6.	Contact addresses	Page	60

1. Quality of life

Baden-Württemberg is truly the place to be – particularly for domestic and international investors. The state located in southwestern Germany exerts such a strong appeal because of its many positive features. A few of them include a strong economy that serves as the home of numerous global market leaders and robust small and mid-sized enterprises, a deep reservoir of highly qualified specialists, innovative research institutes, a modern infrastructure as well as attractive vacation destinations, a rich culture and a broad range of sports and leisure-time activities. Added together, these factors ensure that people living in the state enjoy a high quality of life.

Baden-Württemberg is both livable and successful. The southwestern region of Germany traditionally has one of Germany's highest employment totals and lowest unemployment rates. In recent years as well, numerous new jobs have been created in the state where the Neckar, Rhine and Danube rivers flow. The state's profile is rounded out by a powerful economy, above-average wage levels and excellent scores by the state's schools and students on Germany-wide and international achievement tests. In many areas, Baden-Württemberg acts as Germany's trailblazer.

This image is the direct result of the accomplishments and successes produced by the state's residents. Baden-Württemberg is one of Europe's leading technological regions, a powerful exporter that has a high concentration of research facilities and education institutions as well as a large number of people working in the technology sectors and sunrise industries. It is a place of innovation characterized by technology-related sectors and an unbroken history of inventiveness – from the metropolitan Rhine-Neckar region and the cities of Stuttgart and Karlsruhe to the Eastern Swabia Mountains and Lake Constance.

The state enjoys this fortunate situation because it has no structurally weak regions. Over the past 60 years, all

regions have undergone an unprecedented change process. During this period, Baden-Württemberg has evolved from an agriculture-focused state into one of Europe's leading economic and research regions. This is the result of the hard work done by the people and companies in the state.

1.1 PEOPLE AND PLACES

With 10.7 million residents, Baden-Württemberg is Germany's third most populous state. With total area of 35,752 km², it is Germany's third-largest state. By European standards, it is also quite large. If the state were a country, it would rank 10th in terms of population among the 27 members of the European Union. Baden-Württemberg has as much total area as Belgium. Switzerland, the state's neighbor to the south, is only slightly larger.

While Baden-Württemberg has few natural resources, it has many ingenious, inventive and industrious people. Creativity, knowledge, skills as well as the willingness of the state's residents to actively work on behalf of the economy, science, education, art, culture and society have turned the state in southwestern Germany into one of the most successful regions in Europe and the world. The state has been the home of many famous people. In addition to such major writers and thinkers as Friedrich Schiller and Eduard Mörike, inventors have shaped the face of the state. Gottlieb Daimler and Carl Benz, for instance, developed their ideas here. The automobile is an innovation born in Baden-Württemberg!

Baden-Württemberg is also the only German state created through a referendum. The majority of citizens in Württemberg-Baden, Württemberg-Hohenzollern and Baden voted on Dec. 16, 1951, to merge their three states. The birth of the new state in the southwest on April 25,

1952, marked the launch of an unparalleled rise. In this connection, the Swabian Theodor Heuss, the first president of the Federal Republic of Germany, spoke of a model of German opportunities.

Residents of Baden-Württemberg place much value on the bond between the modern and the traditional. Even today, the women's hat called a Bollenhut and cuckoo clocks can still be seen in rural regions like the Black Forest. But the region is also home to many highly specialized technology companies that are market leaders in niche markets.

An example of this is St. Georgen in the Black Forest. For decades now, the city has been delivering innovative high-tech products to places throughout the world that demand high precision and reliability. While the Black Forest city was once a synonym for the clock industry and phono sector thanks to the company named Dual, St. Georgen is known for promising precision products, including cars, planes and mobile communications stations. Machinery and automation equipment for industrial manufacturing processes are designed and produced in St. Georgen for global markets. The local economy's innovativeness is represented by such respected companies as ebm-papst, Schmidt Technology, GFT Technologies and Grässlin. In recent years, the software and multimedia sector in the technology center has evolved into a new growth engine as a result of its proximity to Furtwangen University.

Tourism links:

www.tourismus-bw.de
www.hogabw.de
www.heilbaeder-bw.de
www.buchdensueden.de
www.service-bw.de

1.2 A VACATION SPOT RIGHT OUTSIDE THE FRONT DOOR

With 40 million overnight stays, Baden-Württemberg is Germany's second most popular travel destination, behind Bavaria. The beauty of the state's countryside, and the region's historic and cultural diversity lure more and more visitors from around the world. An attractive social climate with rich natural settings, a world of art and culture, countless festivals and a huge array of leisure-time activities provide everyone with welcome diversions from the world of work.

Appealing countryside like Lake Constance, the Swabian Mountains, the Black Forest, the Neckar Valley, Hohenlohe und Allgäu can easily be reached by car, train or plane. These areas offer visitors the natural splendor of forests, mountains, lakes and river valleys. The state has more than 2,000 natural sanctuaries and protected areas. Historic cities like Heidelberg, Freiburg and Tübingen welcome thousands of visitors from inside and outside Germany every day. The

state's spas and health resorts combine good health, fitness and beauty with culture, art and culinary delights.

With 58 officially approved health resorts, Baden-Württemberg is Germany's leading spa state. At these resorts, visitors find everything needed to soothe their bodies and minds: well-known springs, tradition-filled spas in the Black Forest or the mineral baths and mudpacks of Upper Swabia. In addition to the wide variety of spa-related services, these resorts have numerous offerings in the areas of beauty, wellness and fitness as well as athletic opportunities like winter sports, Nordic walking, paragliding, mountain biking, sailing, surfing and golf.

Culinary links:

www.tourismus-bw.de
www.geniesserland-bw.de
www.schmeck-den-sueden.de
www.wvwue.de
www.badischer-weinbauverband.de
www.bierschrank.de

1.3 BADEN-WÜRTTEMBERG: A LAND OF CONNOISSEURS

The appeal of Baden-Württemberg can be summed up perfectly in the motto "Baden-Württemberg: the Land of Connoisseurs." This slogan captures the state in its entirety – with its agricultural products, its viniculture, its gastronomy and its tourist attractions. The hospitality and good service in well-known and award-winning hotels and gastronomy have been luring tourists to the state for ages. And, today, more and more business travelers are making the trip as well. The home page of Tourismus-Marketing GmbH provides detailed information about the wide range of leisure-time, outing and travel possibilities in the state.

Baden-Württemberg is a state known for home cooking and cozy little village pubs. But it is also a place filled with award-winning hotels and restaurants for gourmets. For years, the state has been home to the most star chefs, and repeatedly wins highly respected culinary and cooking awards. According to the Guide Michelin 2009, 53 of the 210 German restaurants that have been awarded stars are in Baden-Württemberg. In Harald Wohlfahrt from Traube Tonbach in the Black Forest town of Baiersbronn, the state also has Germany's best chef.

The state's chefs continually expand their excellent reputation. In one reflection of this, leading restaurants in Baden-Württemberg promote local products in an international setting at the "Kulinaristik-Forum Baden-Württemberg". The state's traditional cuisine also promotes the reputation of Baden-Württemberg. The wide variety of the state's specialties, including "Spätzle" (Swabian pasta) and "Maultaschen" (Swabian pasta pockets), are usually made with regional products.

With the "walk of good tastes" at the new state trade-fair grounds in Stuttgart, the state has recognized more than 20 chefs, vintners and other producers of high-quality natural products who have rendered outstanding service in the name of the land of connoisseurs Baden-Württemberg. This outstanding reputation is also promoted by the many events that the state organizes on its own or with partners. At the Artvinum, a forum for European wine culture, Baden-Württemberg joins the Grand Jury Européen in inviting international wine connoisseurs and lovers to Stuttgart.

Finally, "Baden-Württemberg: the Land of Connoisseurs" is regularly represented at several trade fairs. The consumer fair "Slow Food" has been very successful in Stuttgart, showing people since 2007 how to consciously enjoy and eat healthful, sustainably produced foods. The next fair will be held in April 2010 in Stuttgart.

A tradition of viniculture and beer brewing

With about 25 percent of Germany's vineyard area, Baden-Württemberg ranks second in wine production, following its neighbor Rhineland-Palatinate. Viniculture has a long tradition in the southwestern state. It roots extend back to the times of Roman colonization. People traveling through Baden and Württemberg wine-growing areas should drop by one of the state's many vintners. Another option is to visit one of the many wine taverns. In the Baden area of the state, these are known as "Straußenwirtschaften," in Württemberg as "Besenwirtschaften" and in Franconian areas as "Heckenwirtschaften."

The grape traditionally grown in the state is the Trollinger. The wine produced from this grape is considered to be the national drink of the Swabians. Varieties of the white and red Burgunder group are grown in more than half of Baden's vineyards, which practically run from north to south on the region's side of the Rhine River. During the late-summer and fall months, wine festivals are held in the wine-growing towns, attracting large numbers of visitors from near and far.

In addition to wine, Baden-Württemberg is the home to celebrated beers. The breweries draw on the state's excellent water and many natural springs to produce their fresh beers. The most popular beers include the Badische Staatsbrauerei Rothaus in the Black Forest.

The largest festival is clearly the Cannstatter Wasen in Stuttgart. With more than 330 fair-ground entertainers and up to 5 million visitors, it is Europe's largest carnival.

 Links to art and culture:

www.netmuseum.de

www.schloesser-magazin.de

www.kultur.baden-wuerttemberg.de

1.4 A TREASURE OF ART AND CULTURE

Baden-Württemberg has a broad and multifaceted array of artistic and cultural programs, offered by numerous theaters, orchestras, museums and other cultural institutions. Visitors can enjoy these first-class cultural presentations not only in the major cities of Stuttgart and Karlsruhe, but also in many regional areas. The state and local governments – working at times in partnerships with companies – provide financial support to these diverse, adventuresome and intensive cultural events.

One of the state's leading cultural institutions is the Stuttgart Ballett, which offers world-class dance theater. For years, the Staatsoper Stuttgart has been a top opera house in German-speaking regions, having been named the "opera company of the year" several consecutive times. The Staatsgalerie in Stuttgart is known for having one of the most extensive collections of classic modern art. The state also has a large number of theaters. In addition to the two state theaters in the capital of Stuttgart and in Karlsruhe, the former seat of royal power in Baden, Baden-Württemberg has three state stages, nine community theaters, the Festspielhaus in Baden-Baden, and more than 100 theater and small theater companies.

Numerous theater and film festivals, music festivals and musicals are also held in the state. Eleven state-sponsored museums, more than 1,000 community and privately run museums and the Center for Art and Media Karlsruhe round out the rich cultural life in Baden-Württemberg. The largest and most widely known music festivals in Baden-Württemberg include Schwetzingen Festivals. In 2009, it set a record with more than 23,000 visitors and a ticket sales rate of 94 percent. As a result, the Schwetzingen Festivals are one of the leading classical festivals in Europe.

But that is far from everything. Baden-Württemberg has an abundance of legally protected architectural monuments. The Romans, the House of Hohenstaufen, the Alamanni, various kings and dukes left their mark on the state. Interested visitors can see the remains of the limes, a border defense built by the Romans; the Hohenzollern Castle, the home of Germany's last royal dynasty; and Maulbronn Abbey, a member of UNESCO's World Heritage List. Many castles, palaces, churches and abbeys serve as monuments to the eventful history of the state's regions. One of the state's many cherished traditions is the Swabian-Alemannic pre-Lenten carnival, in which the merry-makers clad in traditional costumes and historic wooden masks symbolically drive away winter.

 Sport links:
www.sport-in-bw.de
www.sportstuttgart.de
www.schulsport-in-bw.de

1.5 SPORTS AND LEISURE-TIME ACTIVITIES

Throughout the world, Baden-Württemberg is known as a hospitable and enthusiastic home of sports. This image has been strengthened by numerous major events, held primarily in Stuttgart, including the World Cup games in 2006, the IAAF World Championships in Athletics in 1993 and the world championship in gymnastics in 2007. The world cycling championship in Stuttgart and the European show jumping championship in Mannheim were held in 2007 as well. Mannheim and Stuttgart have also been venues of the world handball championship. In 2009, Stuttgart was the site of the European table-tennis championship. The new stadium in Sinsheim will be a venue for the women's soccer World Cup in 2011.

In recent years, the residents of Baden-Württemberg joined their favorite local teams in celebrating many major triumphs. In 2007, the VfB Stuttgart team won the German soccer championship. 1899 Hoffenheim and SC Freiburg are also members of Germany's top soccer league, the Fußball-bundesliga. The Karlsruher SC soccer team, which is currently a member of Germany's second division, has also achieved major national and international successes. In particular, 1899 Hoffenheim represents the close relationship among sports, the region and the business community. Dietmar Hopp, one of the founders of the software company SAP in Walldorf, has continuously supported his home team for years, creating a major-league team that stands for both attractive soccer and modern infrastructure as well as local roots and regional identity.

In recent years, the Mannheim Adler in ice hockey, VfB Friedrichshafen in volleyball and TTC Frickenhausen in table tennis have captured various national and international titles. Baden-Württemberg is proud of the national and international triumphs of its athletes. More than 400 medal winners at world and European championships come from the state. This is also the result of the close working relationship among the state's government, the state athletic association and its members.

In addition to its world-class athletes, Baden-Württemberg is also home to many enthusiastic leisure-time athletes. More than 3.7 million of them – about one-third of the state's population – are members in the over 11,000 sports clubs and hiking associations in the state. Many of these people work as volunteers. In 2000, promotion of culture and athletics was added to Baden-Württemberg's constitution as a state goal. The state government supports the work of sports associations and their athletic-facility construction projects

through the State Athletic Association of Baden-Württemberg.

One important factor in athletic activities is the successful partnership that has existed between schools and sports clubs for more than 15 years. The close relationship between schools and clubs has a positive effect on the leisure-time activities of young people and is designed to encourage them to play sports their entire lives. The associations' talent-promotion programs supported by the state also open the way for young people to join competitive athletics.

Baden-Württemberg has five elite athletic schools: Tauber-bischofsheim, Furtwangen, Stuttgart, Heidelberg and Freiburg. The state also maintains a network of partner schools with Olympic training centers and partner schools for athletics that provide valuable assistance to young developing their athletic abilities. The German Soccer Federation has also certified the cities of Stuttgart, Freiburg – for girls and boys –, Karlsruhe and Hoffenheim as elite soccer schools.

In addition to sports, the state offers many other leisure-time activities to its residents. These include amusement parks, water parks, game preserves and zoos. Rust, a town near Freiburg, is the home of Europa-Park, the largest amusement park in Germany. In 2009, Europa-Park was named the best amusement park by a team of testers. Europa-Park has also received awards – repeatedly in some cases – in the categories of best roller-coaster, best amusement park for children and best hotel.

With 2 million visitors in 2006, the Wilhelma is Stuttgart's most popular leisure-time destination and one of the most frequently visited zoos in Germany. It is the only zoological and botanic garden in Germany and one of the most biodiverse zoos in the world. The combination of zoo, botanic garden and historic park adds to the importance of the Wilhelma and creates its special appeal.

Baden-Württemberg offers the people who live and work in the state a high and diverse quality of life. Tradition and progress, regional identity and worldliness, economic momentum and human partnerships, diversity and solidarity – this is all a part of Baden-Württemberg and makes up the character of the state and its residents. The motto for the future of our state is: successful because we are human.

2. Infrastructure in Baden-Württemberg – the basis for future growth

2.1 KEY INFRASTRUCTURE PROJECTS

Joint home page of exhibition centers: www.bw-fairs.de
 Stuttgart Trade Fair Center: www.messe-stuttgart.de
 Freiburg trade fair site: www.messe-freiburg.de
 Friedrichshafen trade fair site:
www.messe-friedrichshafen.de
 Karlsruhe trade fair site: www.messe-karlsruhe.de
 Mannheim trade fair site: www.maimarkt.de
 Offenburg trade fair site: www.messeoffenburg.de
 Sindelfingen trade fair site: www.messe-sindelfingen.de
 Sinsheim trade fair site: www.schall-messen.de
 Ulm trade fair site: www.ulm-messe.de
 Villingen-Schwenningen trade fair site:
www.suedwest-messe-vs.de

2.1.1 EXHIBITION CENTERS IN BADEN-WÜRTTEMBERG

Baden-Württemberg is the home of numerous attractive exhibition centers with a variety of focal points and is the venue for many different gatherings – from an international high-tech trade fair to regional consumer events.

The largest exhibition center in the state is Stuttgart. In 2007, the New Stuttgart Trade Fair Center opened its doors, giving the state capital an exhibition center that ranks among the world's best and replaces the old site at Killesberg. With 105,200 square meters of hall space, the New Trade Fair Center has twice as much exhibition area as the previous site did. Added to this are 40,000 square meters of open space and a state-of-the-art congress center (ICS) with seating for more than 9,000 people.

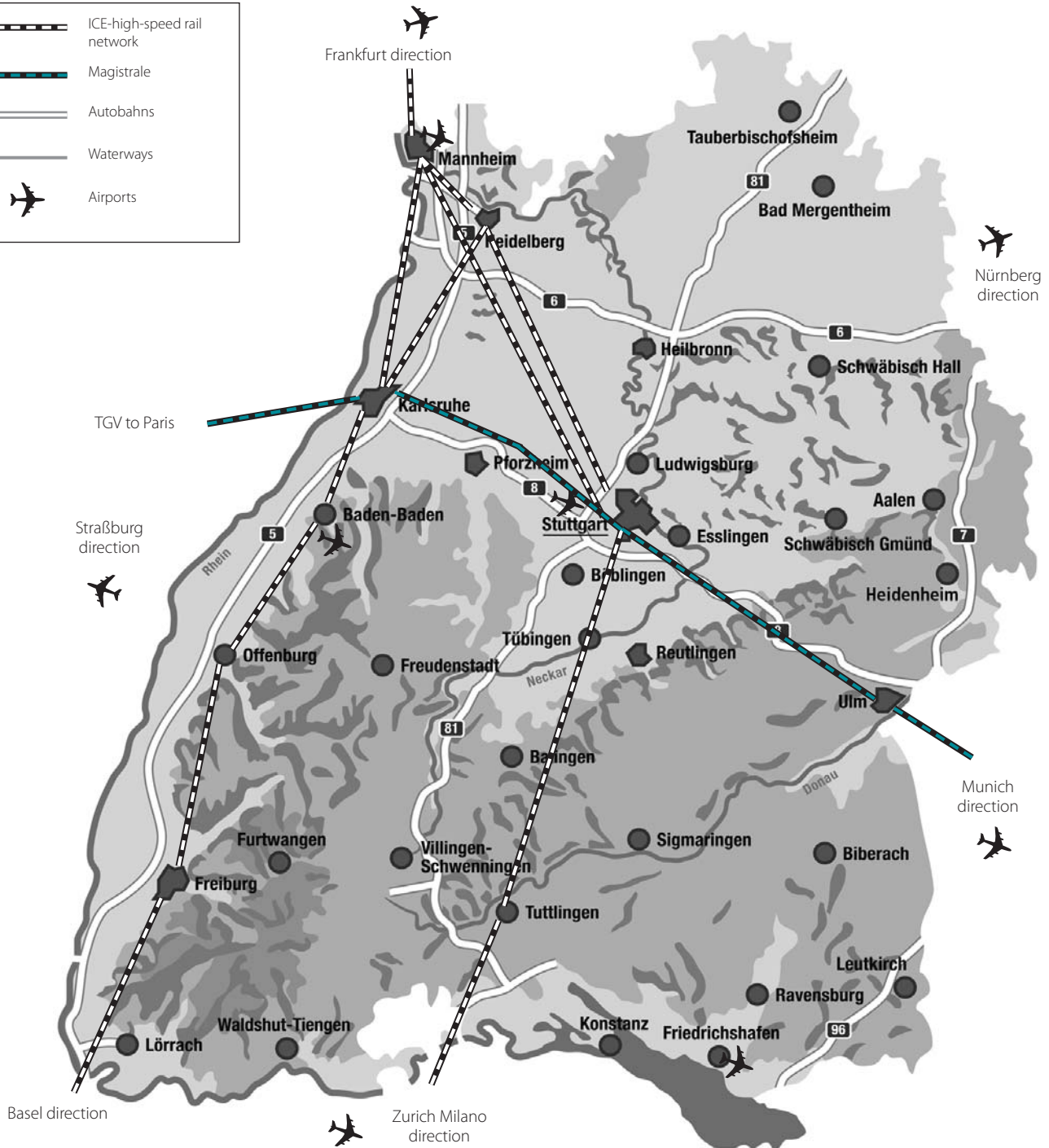
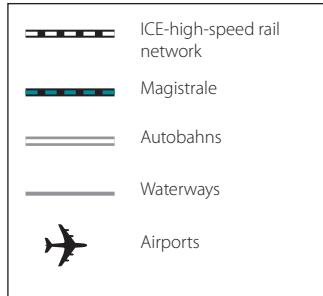
The state exhibition center ranks ninth among Germany's trade fair venues. Its site is located directly next to the

Stuttgart Airport and Autobahn A8. In the future, the center is scheduled to have a station for long-distance trains that will be on the new high-speed line between Stuttgart and Ulm. As a result, trade-fair visitors will be just minutes away from the rail link connecting Paris, Munich, Vienna and ultimately Budapest via Stuttgart. The Stuttgart Trade Fair Center ranks No. 1 in the state, with about 40 of its own events, 20 trade fairs organized by outside groups, 17,000 exhibitors, 1.5 million visitors and about €100 million in revenues a year. The trademarks of the new site include the curved roofs of the exhibition halls and the parking garage built over the autobahn.

The exhibition center offers room for growth to leading Stuttgart trade fairs: "R + T," the trade fair for roller shutters and doors/gates; "INTERVITIS INTERFRUCTA", the technology trade fair for wine, fruit, fruit juice and spirits; "AMB," the international exhibition for metal working; and "CMT," the trade fair for caravanning, motoring and tourism. Over the mid-term, the Stuttgart Trade Fair Center plans to sharpen its international profile by organizing more high-tech fairs. Its international activities are already expanding as a result of such successful events as "R + T Asia" in Shanghai as well as the wine and fruit-drink technology trade fair "INTERVITIS INTERFRUCTA" in Austria, South Africa, Chile, Russia, India and China.

In addition to the Stuttgart Trade Fair Center, Baden-Württemberg is the home of other internationally ranked exhibition centers. The new Friedrichshafen Trade Fair Center is one of Germany's largest exhibition venues. The center that opened in 2002 has 12 halls with a total of 85,000 square meters of exhibition space and 12,000 square meters of open space. Each year, it welcomes 6,500 exhibitors and more than 600,000 visitors. The center is located right next to the Friedrichshafen Airport. The highlights of the exhibition center on Lake Constance include the trade fairs "OutDoor," "EUROBIKE," the water-

Important transportation links in Baden-Württemberg



sports exhibition "INTERBOOT" and "AERO" for aviation. In 2009, a total of 24 trade-fair events were held in Friedrichshafen.

The third exhibition site in Baden-Württemberg with an international focus is the Karlsruhe Trade Fair Center. Each year, it plays host to about 8,000 exhibitors and about 450,000 visitors. The new trade fair site was completed in 2003. It has about 54,000 square meters of hall space and 10,000 square meters of free space. The adjoining congress center has room for about 1,500 people. Because the Karlsruhe region is one of the leading high-tech regions in Germany, the trade-fair center focuses on scientific topics. Karlsruhe also organizes the world's largest trade fair for used machinery and equipment, "RESALE", and "art KARLSRUHE", an international trade fair brings together classic, modern and contemporary art.

That is far from all. Baden-Württemberg rounds out its strong trade-fair infrastructure with exhibition centers in Freiburg (hall space: 21,500 square meters), Mannheim (12,000 square meters), Offenburg (26,500 square meters), Sindelfingen (8,000 square meters), Sinsheim (40,000 square meters), Ulm (22,000 square meters) and Villingen-Schwenningen (5,500 square meters). The successful and important sectoral trade fairs and consumer events include the world's leading trade fair of the brush and paintbrush industry, Inter Brush in Freiburg, the Mannheim Maimarkt as Germany's largest consumer exhibition with about 400,000 visitors, the European equestrian trade fair "eurocheval" in Offenburg, the leading trade fair for mobile electronics "Car + Sound" in Sinsheim, the Ulm spring-time trade fair "Leben-Wohnen-Freizeit" (Living-Residing-Leisure Time) and the broad-based trade fair for the public "Südwest-Messe" in Villingen-Schwenningen.



Links for transport infrastructure:
www.das-neue-herz-europas.de
www.3-loewen-takt.de

2.1.2 TRANSPORT INFRASTRUCTURE

Baden-Württemberg is an export-oriented business location and, as one of Europe's most heavily traveled transit regions, is reliant on a well-developed transport network. An efficient transport infrastructure throughout the state is a key factor of economic growth, employment and high standards of living. The organization of transport mobility must reflect the needs of the expanded EU single market and the continuing globalization of the economy.

The demand for transport services is continuing to grow. In terms of passenger and freight transport, no easing of the situation can be seen for Baden-Württemberg in the foreseeable future. Freight transports – primarily transnational shipments – are expected to fuel significant additional growth in transport services. By 2015, more than

half of all freight-transport services in Germany could be provided in transnational and transit shipments.

In a master transport plan for Baden-Württemberg that will be updated next year, the state government has outlined the principles and goals of its transport policies. The implementation of the master plan is being carried out in close cooperation with the national government, which is charged with maintaining and expanding the large-scale transport infrastructure, and city governments. The decisions of the European Union are having a growing impact on the transport policies of the national and state governments as well.

To preserve the entire state's strong appeal as a place to do business, live and work, the state government ensures that the national network of federal highways and state roads is constantly maintained and expanded when necessary. Baden-Württemberg has an efficient transport infrastructure. A highly concentrated road network of 28,000 kilometers ensures that every economic center in Germany and Europe is easy to reach. A total of 1,020 autobahn kilometers crisscross the state in three north-south and two east-west axes.

Air transport is a significant factor for the economy of Baden-Württemberg as well. With excellent air links to international economic centers in Europe and connections to overseas destinations, the business opportunities of companies based in the state can be better exploited. Baden-Württemberg is well equipped for the future with airports in Stuttgart, Karlsruhe/Baden-Baden and Friedrichshafen as well as 18 airfields. The Stuttgart Airport is the state's hub for international business dealings. Up to 10 million passengers use it each year. Non-stop flights to Europe's leading cities and to the United States take off from Stuttgart. Additional international connections departing from Frankfurt am Main, Munich, Zurich, Basel or Strasbourg can be reached in less than an hour.

Rail project Stuttgart-Ulm

The most critical projects in transport infrastructure involve the railroads. The rail project Stuttgart-Ulm is to be completed by 2019. The entire project, whose name symbolizes the state's entry into the 21st century, includes a new rail link between Stuttgart and Ulm. Another part of the project is Stuttgart 21, a reconfiguration of the Stuttgart rail hub that will connect the airport and trade-fair center to the high-speed European network. An efficient through train station will then replace the city's terminus facility. The old building will be the only remaining section because the new station will be located 11 meters underground and rotated by 90 degrees. It will be linked to the regional and national rail network by a ring system and serve as the heart of a new tunnel system that will have a total length of 33 kilometers. As a result, practically all

long-distance trains will disappear from the surface of the city.

Stuttgart 21 and the new rail link between Stuttgart and Ulm are of extreme importance not only to the state capital and the Stuttgart region, but also to the entire state of Baden-Württemberg. The projects will fundamentally strengthen the transport infrastructure of the business location of Baden-Württemberg. They will secure the state's link to the future high-speed network in Europe and will turn Baden-Württemberg, from Kehl to Ulm, into a central part of the European line running from Paris, Strasbourg and Munich to Bratislava and Budapest. As a result of reduced travel times, the state will move closer to the central regions of eastern and western Europe. The travel time from Stuttgart to Ulm will be cut nearly in half, to 28 minutes. In regional and short-distance travel as well, connections are being improved, passenger comfort increased and travel times significantly reduced. Creating the rail link for the Stuttgart Airport and the trade-fair center will generate synergies.

The Stuttgart-Ulm rail project will create enormous opportunities for the southwestern region of Germany. The improved connections to economic centers both inside and outside Germany will expand sales and supply regions. The opportunities for divisions of labor and specialization will increase. When the metropolitan areas located on the major European rail line move closer together, an increased regional division of labor and further economic specialization can be expected to occur. This will help not only the capital in Baden-Württemberg, but also the entire region as a result of the closely linked rail network. For internationally active companies, good connections to the hub in Stuttgart are vital.

The enormous economic benefit is also reflected in academic studies commissioned by the state government. The improved access to cities and regions will have a positive impact throughout the state. This research forecasts long-term economic growth of about €500 million a year. At the same time, about 10,000 permanent jobs will be created. The value of real estate in Baden-Württemberg is expected to rise by €2 billion.

A number of positive environmental impacts will be created as well. The improved connection times will turn the train into a much more attractive travel option compared with the car and plane. More commuters will be able to switch to the train. Overall, the rail project is expected to save more than 1 billion passenger-car kilometers. This represents a savings of about 175,000 tons of CO₂ each year.

A final benefit will be urban-development opportunities. As a result of Stuttgart 21, the state capital will gain new space for urban development. The underground train station will enable the extensive track network located north of the train station to be removed, freeing up 134 hectares for construction in the city's best downtown location. Over the next 20

years, entirely new office and residential areas are to be built. At the same time, new urban-development opportunities will arise, enabling previously separated city districts to be better integrated.

In addition to the Stuttgart-Ulm rail project, the state has taken on two other major rail projects to improve its transport infrastructure: the four-track expansion of the Rhine Valley line between Karlsruhe and Basel as well as the new line between Mannheim and Frankfurt. Both sections are part of the critically important north-south rail line running from Rotterdam to Geneva, a route that passes through four countries and connects Europe's leading regions with enormous economic power, high concentrations of people and increasing transport volume. The new link between Frankfurt and Mannheim is designed to close the link between the high-speed lines of Cologne-Frankfurt and Mannheim-Stuttgart. Today, it takes a high-speed ICE train just 37 minutes to travel from Stuttgart to Mannheim.

Public transportation

Baden-Württemberg is not just improving its long-distance rail connections. In recent years, local public transportation has evolved into a real alternative to the car. Since local public transportation was regionalized in 1996, the state has been responsible for refining this form of transportation and increased the available service by about 50 percent. On the basis of an integral synchronized timetable, an hourly schedule with shorter transfer times in the hub train stations was introduced on virtually all rail lines in the state. Baden-Württemberg also has 21 transport and fare associations that have a largely uniform and clear fare structure. All transport companies have the same rates and recognize one another's tickets. The uniform fare structure replaces the earlier hodgepodge of individual company fares.

Large sums of public funding have flowed into the expansion of the local public transportation network, the modernization of the vehicle fleet and the provision of services in regional rail transport. Projects undertaken in this decade include the expansion of the Rhine-Neckar rapid-transit train, which went into operation with the east-west connection as the first phase since 2003. This rail system connects, among other places, the lower Neckar valley and the Odenwald region with the cities of Mannheim, Heidelberg and Ludwigshafen. To the west, the rail network runs far into the neighboring state of Rhineland-Palatinate. To the south, the metropolitan area of Karlsruhe is connected to it.

During the 1980s and 1990s, a pioneering model for local public transportation in Europe was developed in Karlsruhe. The local rail network in Karlsruhe is integrated into a dual system-city rail system in Karlsruhe and surrounding areas.

This transport system combines downtown street-car routes with rail lines in surrounding areas. As a result, the dual system covers the entire mid-upper Rhine region and creates a link to neighboring areas. In taking this approach, the city rail system eliminates the boundary between street cars and city rail systems on the one hand and regional long-distance rail transport on the other hand. Thanks to this program, passengers also enjoy a uniform fare structure.

On its federal and state waterways, Baden-Württemberg has an interconnected network totaling about 550 kilometers that can be used by commercial shipping companies. The federal waterways run from Mannheim to Basel on the Rhine, from Mannheim to Plochingen on the Neckar and on the Main. State waterways include the Baden-Württemberg portion of the Rhine from Basel to Neuhausen, numerous branches of the Rhine and, to a limited extent, the upper Danube near Ulm. Added to this are Baden-Württemberg's portion of Lake Constance, over which significant numbers of people and large amounts of goods can be transported, and the state share of the stretch of the Rhine from Konstanz to Schaffhausen, Switzerland.

In Germany, inland waterway transport reaches about 66 percent of the shipping volume achieved by the train. In 2008, for instance, 371 million tons of goods were transported by rail and 245 million by ship. Thirty-four million tons of goods were transported in 2008 on the federal and state waterways in Baden-Württemberg, about 77 percent on the Rhine and around 22 percent on the Neckar.

The state of Baden-Württemberg and the national government have agreed to work together on the expansion of the Neckar lock system to make the Neckar competitive for ship transports and freight shipments in particular. In addition to lengthening 25 lock chambers in Baden-Württemberg, the project involves the construction of 12 piers and seven turning areas, the elimination of four narrow areas and the securing of side canals. As a result of the expanded lock system, inland waterway ships that are up to 135 meters in length, particularly container ships, will be able to use the Neckar federal waterway. The work to lengthen the Neckar lock system is scheduled to be completed by 2025.

2.1.3 MODERN ADMINISTRATIVE PRACTICES

Baden-Württemberg uses efficient, productive and customer-focused administrative practices in its dealings with residents and companies based in the state. These practices are complemented by the use of e-government in increasing numbers of administrative processes and services. E-government uses electronic media, particularly the Internet, to make it possible to handle administrative matters with the click of a mouse. As a result, residents, companies and administrators have the opportunity to increasingly com-

plete administrative tasks electronically. When this is not possible, the state's service portal provides information that helps prepare or ease dealings with government agencies – regardless of whether this is done in person or by electronic means. The e-services for state residents enable people to electronically complete particular administrative actions – such as through the use of an electronic signature.

 **Service portal for administrative services:**
www.service-bw.de

The service portal of the state and municipalities offers detailed information about various administrative services. Using typical situations faced by private residents and businesses needing administrative services, visitors to the site receive information that answers the following questions at the click of a mouse:

- Who is the correct contact person?
- What must be done when?
- What rights and duties do people and companies have?
- What type of financial support is available?
- What is the expected tax impact?

The service portal also offers easy access to numerous forms and online services. When the portal is fully completed, more than 50 subject areas with about 2,000 information texts will form the central listing of government services in Baden-Württemberg. The portal will also contain a guide to the agencies and offices in Baden-Württemberg, including all municipality addresses. A person who selects his or her place of residence will receive information about the appropriate office, forms and online services in this particular location.

With the introduction of multiple languages and the conversion of the virtual document safe into a hub for conducting various administrative processes, important pre-conditions were fulfilled for turning the service portal into a central component for the EU service directive. Residents and companies in Baden-Württemberg should be able to profit soon from the new regulations, which include the "uniform contact person" for service providers. Upon completion, administrative services that are connected to typical concerns for companies and residents are to be initiated at the press of a button as part of the one-stop government function. Ideally, the portal user should be able to entirely complete the administrative procedure on the Internet.

2.1.4 EMPLOYEE POOL AND JOB MARKET

For years, Baden-Württemberg has had the lowest unemployment rate among Germany's states. The state also has one of the lowest rates of unemployed young people compared with the rest of Germany and Europe. The economic growth of

recent years has also fueled demand for specialists in many sectors.

This demand underscores the well above-average economic strength of the state. It also has led to a high level of education in Baden-Württemberg. Each year, thousands of people earn their degrees in technical subjects at the state's universities or complete technical training programs. These specialists primarily offer their services to high-tech companies looking for such qualified applicants.

The IT sector illustrates the positive job-market trend that has occurred in Baden-Württemberg during this decade. The number of employees in this industry has markedly risen in the past six years. Between 2003 and 2007, about 25,000 new jobs were created here, according to the State Statistical Office. The number of jobs rose again in 2008.

The high level of employees' qualifications is an important business-location benefit for Baden-Württemberg in the race to attract national and international investors. Among the state's residents between 20 and 30 years old, the "Abitur" (the diploma issued by college-preparatory secondary schools) is the most frequent secondary-school certificate at 40 percent. 32 percent of the state's young people have a diploma from the intermediate secondary school, and 25 percent a diploma from a secondary general school. Only 2.5 percent do not have any secondary-school diploma at all.

The employment structure clearly reflects the focal points of the state. In 2007, more than 5.5 million people were employed in Baden-Württemberg, according to the State Statistical Office. Of these people, about 65 percent (3.61 million people) worked in the service sector, about 33 percent (1.8 million people) in manufacturing, and nearly 2 percent (101,200 people) in agriculture and forestry. The share of women in the state's workforce was about 45 percent. More than 500,000 people were self-employed, and about 600,000 foreign workers were employed in the state. Around 3.8 million people had jobs in which they pay contributions to Germany's social service programs.

With nearly 70 percent of residents between the ages of 15 to 65 having jobs, Baden-Württemberg – also in comparison with other members in the European Union – has an above-average labor-participation rate. Of the state's residents between 55 and 65, just more than half (52 percent) were still working in 2005. The average in the EU was only about 42 percent.

The job-market successes of recent years have not just happened on their own. Rather, they must be produced over and over again. For this reason, the state government has taken a number of steps to attack the multifaceted causes of unemployment. The simple hope for strong economic growth and rising domestic demand is not enough to produce jobs for more people. After all, the job-market problems are a fundamental barrier to growth.

The close working relationship among the state government, German employment officials, companies and municipalities in the "National Pact for Education and Future Specialists in Germany" has paid off for young people in Baden-Württemberg. Practically every young person in the state can find an occupational-training slot, be it an apprenticeship, attendance at an advanced vocational school, an occupational preparatory program, participation in an occupational preparatory year or an initial qualification activity. With the binding goal of offering an average of at least 7,600 new apprentice slots every year, companies in the state have more than doubled the pledge they made in the previous alliance.

 Stiftung Kinderland for child and family friendly structures:
www.stiftung-kinderland.de

Baden-Württemberg offers employees many ways of improving their work-life balance. With the program "Children's State Baden-Württemberg," political leaders in the state are focusing on children and young people, their needs and their potential. Parents should be able to freely and autonomously make decisions about matters affecting their family life and be able to receive government support if necessary. Programs including day-care centers, babysitters as well as all-day schools and kindergartens are designed to help parents with child rearing, education and care of their children.

By implementing "Children's State Baden-Württemberg," a refinement of the earlier concept "Children Friendly Baden-Württemberg" whose mission is to provide needs-based assistance to children, among other things, child care in the state has taken a huge step forward. As a result, care for children up to 3 years old, assistance with school children and, thus, the work-life balance could be further improved.

A trademark of Baden-Württemberg's social-affairs policies is the state child-rearing allowance. Few states in Germany offer this form of financial support. Since 2002, the state has also been offering a unique form of financial support in Germany: the multiple-birth program, which provides parents of multiples (starting with triplets) a one-time, non-income-dependent payment of €2,500.

Changes in work and environmental conditions as well as the multimedia society are significantly increasing the demands being placed on the parenting skills of young mothers and fathers. As a result, the state provides them with allowances provided by the Program to Strengthen Parenting Ability that enables them to attend child-rearing courses.

 Broadband information portal:
www.breitband-bw.info

2.1.5 EXPANSION OF BROADBAND ACCESS

Broadband access is a critical business location factor for companies. In the interplay of business location factors, it now plays a leading role, and lack of such access poses a clear business location disadvantage to companies located in rural areas. Today, nearly all companies – regardless of their sector, size or market radius – consider broadband infrastructure when they are examining a potential business location site.

In terms of broadband support, Baden-Württemberg is Germany's leader. In the "Broadband Initiative Rural Areas," the state provides support to communities that are unable to get on the data highway on their own. In 2008/2009, the state allocated €22 million to set up and expand high-speed Internet access. A total of €30 million from the investment program for the future is being used for this purpose as well. As a result, the state is investing considerably more money in this effort than all other German states.

The state government in Baden-Württemberg is working closely with the national government in Berlin. The national government has also been promoting the expansion of broadband access in rural areas. As a result of this work, it is planning for 75 percent of households to have broadband speeds of 50 megabits per second (MBit/s) by 2014 and for all households in Germany to have this level of service by 2018. As of today, this target speed can be achieved only through cable-based solutions. Baden-Württemberg, like the national government, supports an effort to set up a high-speed network with fiber-optic cable. For companies and residents in rural areas, the state wants to provide a basic service with speeds of 5 to 10 megabits per second as quickly as possible instead of having communities, residents and companies wait for years to get speeds of 50 megabits per second.

In this work, the state government has already achieved another milestone: Baden-Württemberg has become the first German state to win the approval of the European Union to raise the minimum data rate for commercial purposes to 40 megabits per second when necessary. Up to now, the limitation of 1 megabit per second for downloads applied as a consequence of the neutral competitive use of public funds. The need for broadband service has significantly risen across business sectors. The current broadband need for the majority of companies is 6 megabits per second and higher. This speed is necessary if companies are to remain competitive and productive in the market. The state will continue to work on providing access to new media throughout Baden-Württemberg. No matter where a person lives or works, access to broadband Internet service is just as important as adequate supplies of water and electricity.

2.2 RESEARCH AND EDUCATION

2.2.1 RESEARCH

The research infrastructure of Baden-Württemberg – a pillar of the future

Baden-Württemberg was and remains a state of tinkerers and thinkers. A good example of this tradition is the car that Carl Benz invented and that continues to undergo innovative refinement in the state. Such inventors and company founders as Robert Bosch and Gottlieb Daimler, both residents of Baden-Württemberg, changed the world with their ideas. The list of Nobel Prize laureates who came from the state or worked in it is long and can be carried forward through today: In 2008, Harald zur Hausen, the long-time Chairman of the German Cancer Research Center in Heidelberg, received the Nobel Prize for medicine.

The priority placed on research, science and technology in Baden-Württemberg is clearly reflected in the state's volume of investment in these areas. Each year, the state spends 4.2 percent of its gross domestic product on research and development – a leading international level. Furthermore, one-fourth of the capacity of major German research institutions, like the cancer center, is concentrated in Baden-Württemberg. The state is also home to 12 research institutions of the Max Planck Society and 14 of the 48 Fraunhofer institutes.

The more than 100 non-university research institutes in Baden-Württemberg are linked in many areas to the state's institutions of higher learning. The state has nearly 50 universities, about 20 non-government-supported colleges and eight branches of the Baden-Württemberg Cooperative State University, which was formerly known as the University of Cooperative Education. As a result, Baden-Württemberg has the best university and research institutes among Germany's non-city states. Universities, universities of applied science and research institutions create a strong infrastructure – both in fundamental and applied research. The state can rely on these central pillars in the future.

The Excellence Initiative – evidence of the strength of Baden-Württemberg's research foundation

The innovativeness and strength of Baden-Württemberg as a research location are also reflected in the universities' exceptional performance on the Excellence Initiative that Germany's national and state governments carry out. During the first two rounds of the Excellence Initiative conducted in 2006 and 2007, universities in Baden-Württemberg scored major successes. Four of the nine excellence universities in Germany are located in Baden-Württemberg: Freiburg, Heidelberg, Karlsruhe and Konstanz. Twenty of the 85 approved applications for

graduate schools, excellence clusters and concepts for the future in both rounds came from the state. Nine of the 39 approved graduate schools, seven of the 37 excellence clusters and four of the 39 national concepts of the future went to universities in Baden-Württemberg.

The University of Heidelberg was particularly successful in the Excellence Initiative. In terms of the number of projects, it shared first place with the Free University of Berlin: Heidelberg received approval for the concept of the future (as an excellence university), for two excellence clusters and for three graduate schools. In both rounds of the excellence initiative, the recognized universities received a gross funding total of about €600 million. This amount represents nearly one-third of the entire total of the Excellence Initiative.

To enable universities to keep pace with leading international research, the organizers of the Excellence Initiative provide total-cost funding. This means that the funding for the selected projects also includes investments in the necessary infrastructure, including equipment, offices and personnel. Baden-Württemberg, in particular, places much value on this paradigm shift because the introduction of total-cost funding for research marks the initiation of a support system like those in the United States and Great Britain.

KIT: In Karlsruhe, university and non-university research merge

In 2009, the excellence university in Karlsruhe took a major step by creating an alliance of university and non-university research. As a result, the University of Karlsruhe and the Karlsruhe Research Center in the Helmholtz Society merged to form the Karlsruhe Institute for Technology (KIT). This merger created the largest research and teaching institution in Germany. As a result of the merger of both institutions, research leaders in Karlsruhe are carrying out their pledge to more closely link universities and non-university research. The merger serves a lighthouse function among universities in both Baden-Württemberg and Germany. In the future, the state and the national government will work to turn KIT into a leading European center of energy research.

The merger of the university and the Karlsruhe Research Center is part of the broad concept with which the University of Karlsruhe succeeded during the first selection rounds of the Excellence Initiative in 2007. The establishment of the KIT created an institution that has about 8,000 employees, 18,500 students, nearly 300 professors and an annual budget of €700 million. The KIT's research activities focus on energy, nano- and microtechnology, the environment and climate as well as basic and astroparticle physics. KIT also explores the fields of materials science, communication and information technology, optics and photonics as well as mobility systems.

Research strength reflected in the award of external funding

The universities in Baden-Württemberg are among the most successful recipients of external funding. According to the Funding Ranking 2009 of the German Research Foundation, the University of Heidelberg received €215.4 million between 2005 and 2007, the third-highest total of external funding. In addition, the universities of Freiburg and Karlsruhe are among the 10 institutions of higher learning in Germany with the highest levels of outside support. For the first time, the Excellence Initiative was considered in the research foundation's ranking. As a result, the University of Konstanz made the biggest leap of all universities – from 34th to 16th place. Across Germany, Konstanz ranked first on the list for the humanities and social sciences.

In individual rankings, several universities scored very well on the foundation's ranking, including Ulm, Heidelberg and Freiburg in life sciences; Karlsruhe and Stuttgart in engineering; Mannheim in social and behavioral sciences; Hohenheim in veterinary medicine as well as agriculture and forestry; and Tübingen in medicine. In a comparison of strong research regions, the Rhine-Neckar area and the Stuttgart-Tübingen-Ulm received the most external funds due to their active non-university research institutions.



Non-university research centers (a selection):

German Cancer Research Center:

www.dkfz-heidelberg.de

German Aerospace Center: www.dlr.de

European Molecular Biology Laboratory:

www.embl-heidelberg.de

Fraunhofer Institutes: www.fraunhofer.de

Hahn Schickard Society: www.hsg-imit.de

Knowledge Media Research Center:

www.iwm-kmrc.de

Kiepenheuer Institute for Solar Physics:

www.kis.uni-freiburg.de

Leibniz Association: www.wgl.de

Mannheim Research Institute for the Economics of Aging:

www.mea.uni-mannheim.de

Mathematical Research Institute Oberwolfach,

Oberwolfach: www.mfo.de

Max Planck Society: www.mpg.de

Walter Eucken Institute:

www.walter-eucken-institut.de

Center for European Economic Research:

www.zew.de

Center for Solar Energy and Hydrogen Research:

www.zsw-bw.de

German Research Foundation: www.dfg.de

Research funding and technology transfer

The global banking and economic crisis has placed a huge burden on government budgets. Nonetheless, Baden-Württemberg intends to expand its research infrastructure. The objective is to secure and extend the state's position as a leading international research location. In this work, the available strengths will be augmented, interdisciplinary technology promoted, expertise centers, and networks and clusters set up and refined.

In the Stuttgart region, for instance, companies from the automotive industry, energy sector as well as information and communication technology are working with scientific organizations and associations in the area of electromobility. As one of 11 model regions in Germany, the Model Region Electro-Mobility Stuttgart is receiving substantial support from the national government.

In their research funding, the state's leaders focus on developments in key areas and technologies with a mid-range and long-term perspective. These include renewable energies, nanotechnology and new materials, stem-cell research, life sciences, microsystem technology as well as operational methods, measurement and control technology, optical technologies and process engineering.

To explore new research fields, the state supports projects and focal points at universities by providing limited-term startup funding. The universities themselves are to gain outside support to fund the research after the state phase ends. Examples of this approach include the planned construction of materials sciences centers in Freiburg and Karlsruhe, and possibly in Heidelberg. The prerequisite for the creation of the new centers is that they win a national competition for construction funding for research institutions.

The German Research Foundation also supports special research areas at Baden-Württemberg's universities. Such long-range research activities at the universities generally last for 12 years. Scientists work in an interdisciplinary manner, sometimes even at multiple sites. Finally, universities partner with industrial companies or other users as part of transfer activities in order to take the results of fundamental scientific research conducted in a special area and to apply them under real-world conditions. In 2009, the foundation supplied 37 special research areas in Baden-Württemberg with €69.5 million in funding.

Baden-Württemberg is further bolstering the structural expansion of the technology transfer. The broad scientific knowledge of the state's universities is to be made available to businesses in a more systematic manner, further increasing their international competitiveness in the process. This also includes the universities of applied sciences. The Program for Universities of Applied Sciences provides two tools: support of the Institute of Applied

Research and direct project support, the so-called "innovative projects". Baden-Württemberg also provides funding to research and development projects conducted by universities of applied science to which companies, trade associations and other external groups provide support. Particularly in the partnership projects with companies, universities of applied science are to expand the technology transfer with small and medium-sized enterprises.

Baden-Württemberg and the European Union also support innovative research activities at universities of applied science through the establishment of Centers for Applied Research. Four such centers were opened in 2008: at the universities of Karlsruhe (CCMSE), Ulm (service robots), Pforzheim (MERSES) and Aalen (PHOTON). Three to four other research centers will set up in a second competitive round.

One special organization among research-support activities is the State Foundation Baden-Württemberg. The foundation, a totally owned subsidiary of the state funded with money from the sale of Energie Baden-Württemberg, draws on its assets to provide targeted funding to research and development work in Baden-Württemberg. The foundation invests about two-thirds of the €55 million in project funding available on average each year in education and research, including research programs; financial aid for secondary school students, university students and young scientists; international exchanges of leading scientists; and programs designed to pique young people's interest in technology and the natural sciences at an early age. As part of the state's future initiative, the foundation also provides more than €800 million in funding to promising research projects and research infrastructure.

A key role in the transfer of knowledge and technology between universities and companies is played by the Steinbeis Foundation with its institutes and centers. With its more than 600 decentralized transfer centers, consulting work, professional development as well as research and development capacity for companies, the Steinbeis alliance views itself as a link between the academic and business worlds. It promotes the rapid transfer of technology from institutions of higher learning to marketable applications.

EU structural funds

One of central political responsibilities of the European Union is cohesion and structural policies. The aim of these policies is to strengthen economic and social solidarity in the EU and to promote growth and employment in the process. The state of Baden-Württemberg helps put EU structural policies into practice through two structural funds: the ERDF (European Regional Development Fund) and the ESF (European Social Fund). During the funding period from

2007 through 2013, one focal point of the EU's structural policies is achieving the goals of the Lisbon strategy.

In Baden-Württemberg, various funding programs in the area of innovation, research and development receive support from the EU structural funds. Three funding programs for which the state's Ministry of Science is responsible should be mentioned:

- The Margarete von Wrangell program to increase the number of women in managerial positions in the scientific community (ESF)
- The program to support the centers of applied research at the universities of applied science (ESF)
- Funding provided within the context of the administrative regulations applying to the Ministry of Economics and Ministry of Science to promote business-related infrastructure and the equity basis of companies, technology transfers and cluster formation dated March 31, 2009 (EFRE)

Support of scientists

Leading positions can be defended and expanded in the long run only if highly qualified young people continue the successes achieved in the past. For this reason, up-and-coming scientists are critically important to the future development and quality of research. Under the State Act to Promote Graduate Students, Baden-Württemberg supports the doctoral research of particularly qualified scientific and artistic young people by providing scholarships. In 2008, universities gained additional autonomy and can set the amount and length of the scholarships. In addition to the individual support, financial aid is also available to doctoral candidates within the context of a "structured PhD program" at universities.

Graduate schools provide doctoral candidates with the opportunity to prepare their dissertations and to work in a comprehensive research field as part of a systematic study program. The German Research Foundation approves graduate schools in a strict assessment process. A total of 246 schools are being funded across Germany, including 38 in Baden-Württemberg (2009). As a result, the state has assumed a leading position.

The junior professor program funds high-quality new research projects at the state's universities and institutions of higher learning. In this program, the institution is responsible for determining the quality and the originality of the new research plan. The funding is provided for up to three years.

The MINT program delivers immediate aid and has a long-term impact

In the future upswing, specialists in mathematics, computer science, natural sciences and technology (MINT)

will be highly sought after in Baden-Württemberg. During the crisis, however, companies have been reluctant to create new jobs. To keep well-trained graduates in the MINT subjects in Baden-Württemberg, the state is offering additional job opportunities in university research and technology-transfer projects to up to 500 graduates with majors in the natural sciences and technology. The program began during the winter semester 2009/2010.

In this program, the state provides up to 50 percent of the funding for jobs at the institutions of higher learning. The institutions of higher learning can submit applications for the program funding to the state's Ministry of Economics. Activities eligible for the funding are research and technology-transfer projects as well as dissertation proposals. The requirement for the funding is a partnership agreement between an institution of higher learning and a company in which the company pledges to provide additional personnel and material resources, equipment or access to laboratory capacities.



Incubators and business startup networks at institutions of higher learning:

NewCome.de: www.newcome.de

PUSH!: www.push-stuttgart.de

Baden-Württemberg Ministry of Science:
www.newcome.de

L-Bank: www.l-bank.de

Baden-Württemberg: Connected (bwcon):
www.bwcon.de

BIOPRO Baden-Württemberg: www.bio-pro.de
Campus Technologies Oberrhein (CTO):
www.cto.uni-freiburg.de

CONTACT-AS: www.contact-as.de

CyberForum: www.cyberforum.de

Business Establishment Offensive, University of Aalen:
www.htw-aalen.de

EXIST – Business Startups in Science: www.exist.de

The Ulm Business Startup Alliance:

www.gruenderverbund-ulm.de

HTWG Start GmbH: www.htwg-start-gmbh.de

IBH Innovation and Education Hohenheim:

<https://ibh.uni-hohenheim.de>

IHK Campus StartUp: www.reutlingen.ihk.de

Karlsruhe Institute of Technology (KIT):

www.kit.edu

MAFINEX Alliance of Entrepreneurs Rhein-Neckar:

www.gruenderverbund.info

MicroMountains Network:

www.micromountains.com

NewBizCup2.0 – business-plan competition in Baden-Württemberg: www.reutlingen-university.de

TTI: <http://s294322052.online.de/cms/website.php>

UniTT – technology transfer: www.unitt.de

Business startups originating at institutions of higher learning and research institutes

The state offers numerous initiatives and funding programs to assist people associated with universities and non-university research institutions with the startup of a new business. One of these programs is ifex, an initiative of the Baden-Württemberg Ministry of Economics for people setting up businesses and company succession, that provides assistance to entrepreneurs through the program focal point called "Start on the Campus." People starting businesses can spend several years in incubators on the campuses of many of the state's institutions of higher learning, and use the resources of the institutions of higher learning or research facilities free of charge or at low rates. They also receive support from incubator management and regional business-startup networks.

The state's activities are award winners: ifex, the initiative organized by the Baden-Württemberg Ministry of Economics to support business establishment and company succession, has won the Entrepreneurial Trailblazer Award. The award recognizes activities that promote an entrepreneurial culture and attitude and that make people increasingly aware of the importance of business promotion.

According to NewCome.de, the official Internet portal for business startup and company succession in Baden-Württemberg, 22 incubators and networks are currently working in the state to help young entrepreneurs. They are located throughout the state and are concentrated at sites of institutions of higher learning.

Seven initiatives are active in Stuttgart alone. Of these programs, the network PUSH!, an initiative of economic assistance in the Stuttgart region, plays a central role. The network of partners strives to permanently establish entrepreneurial thinking in Stuttgart's institutions of higher learning and research facilities and to promote technology transfers through knowledge-based business ideas. The focus of PUSH! is on innovative, knowledge-based and technology-oriented business startup plans. Through the early part of 2009, PUSH! had provided advice and assistance to nearly 1,000 business startups striving to gain business autonomy.

Another point of contact for entrepreneurs from institutions of higher learning and research institutes is the Baden-Württemberg Ministry of Science. In the support program "Young Innovators," scientists who have finished or nearly completed their doctorates and who have left an institution of higher learning or non-university research and development institute within a year or intend to do so can receive financial support. People who have already received such federal assistance as EXIST funding, can use this program in order to work for themselves in Baden-Württemberg on the development of innovative, marketable products and processes.

"Young Innovators" not only supports business startups as such, but also helps entrepreneurs with preparations while they are still at an institution of higher learning or a university- or non-university-based research institution in Baden-Württemberg. The entrepreneurs receive financial support to cover their cost of living and coaching. They are also allowed to use the infrastructure of the institutions of higher learning. The state has provided support to a wide variety of initiatives, particularly those in such promising fields as optoelectronics, biotechnology, medical technology, solar technology, automation engineering and mechatronics.

The L-Bank, working in cooperation with the state of Baden-Württemberg, other support institutions and the European Social Fund, actively assists business startups. It provides young entrepreneurs with startup loans, venture capital, mezzanine capital and loan guarantees, and thus directly supports their work to set up a business (See Chapter 5.2 Investment-support programs beginning on page 52).

2.2.2 UNIVERSITY STUDIES AND OCCUPATIONAL TRAINING

A strong foundation must be created before world-class innovative research and development can be carried out. The schools and institutions of higher learning in Baden-Württemberg create this foundation for the state's students. The state focuses in particular on sustainability in education. And this approach pays off. Baden-Württemberg ranks high on both Germany-wide and international educational studies and tests. This is reflected in the results of the PISA studies and the OECD report in 2008 titled "Education at a Glance."

Institutions of higher learning




The research conducted at and the instruction provided by Baden-Württemberg's universities, universities of applied science and colleges of education are excellent. Many of these institutions have achieved high positions on national rankings. No other German state has the variety of institutions of higher learning that Baden-Württemberg does. The state's art and music schools are highly respected and attract young artists from around the world. The Cooperative State University, which was formerly known as the Academy of Cooperative Education, is just one of the numerous innovative educational ideas in Baden-Württemberg. The concept is also unique in Germany. The trademark of this university is a dual-study concept that alternates theoretical instruction with practical experience as well as a close relationship with partner companies and social institutions.

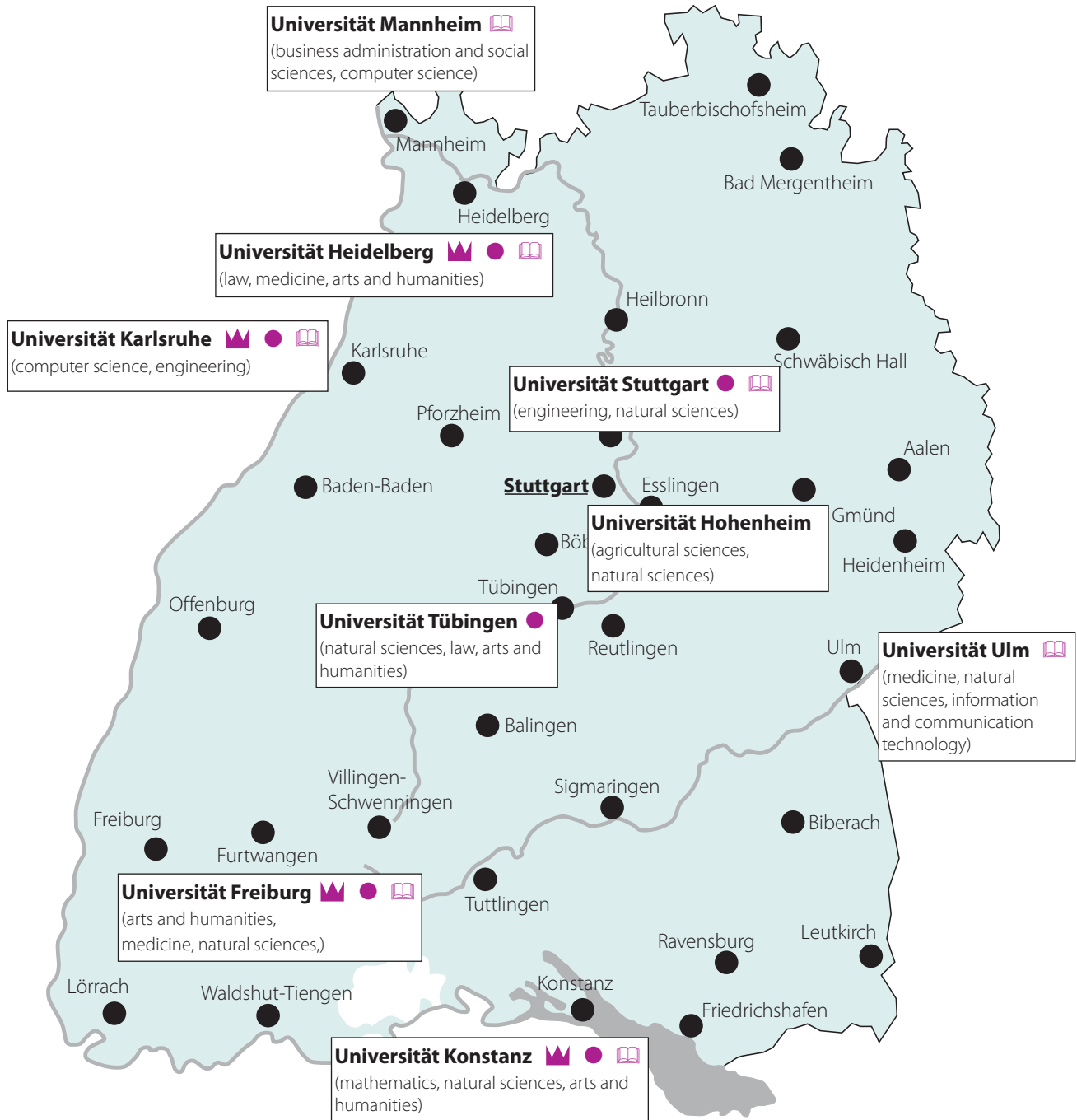
The state's institutions of higher learning offer state-of-the-art educations in numerous subjects. The share of theoretical and practical instruction depends on the major and type of institution of higher learning. Students can earn a wide variety of degrees. Each year, more and more students take

Baden-Württemberg's universities and their primary areas of focus

National Initiative for Excellence

Decisions from the first round in October 2006 and the second round in October 2007

-  Future Concept
-  Excellence cluster
-  Institutions of higher education



advantage of the diverse study offerings at Baden-Württemberg's institutions of higher learning. The total during the winter semester 2008/2009 was approximately 267,000. In its program "Institutions of Higher Learning 2012," the state government has responded to this increased demand and will add 16,000 slots for first-semester students through 2012. In doing so, it is ensuring that students qualified to attend institutions of higher education, particularly those in the double Abitur class of 2012, have the same educational opportunities that high-school graduates in the past had.

In Baden-Württemberg, students can select from

- Nine universities
- Twenty-three universities of applied science
- Six colleges of education
- Eight branches of the Cooperative State University
- Eight art and music colleges
- One administration and economics academy
- One film academy
- One pop academy
- Twenty-two private universities, or at least privately supported, that have received state certification.

Since the summer semester 2007, the institutions of higher learning in Baden-Württemberg have been charging tuition of €500 per semester – like several other German states. The revenue generated by the tuition goes directly to improving the quality of course offerings. To pay the tuition, students can take out private loans or loans offered by such institutions as the L-Bank. The state's loans have low interest rates and favorable repayment terms. For example, the first payment is not due until two years after the student completes his or her degree, provided the student is earning a certain amount of money by then.

A leading performer in Germany

The state has a ratio of first-semester students of 42.5 percent, including the Cooperative State University, according to the Baden-Württemberg Ministry of Economics. This ratio reflects the share of new first-semester students in the same age group. The ratio of graduates for all institutions of higher learning is an average of 28.5 percent for an age group.

In Germany-wide rankings, the state's universities and universities of applied science regularly achieve above-average performances. In this year's education study, Baden-Württemberg once again assumes a leading position among institutions of higher learning in Germany's non-city states. This point is made by a study titled "International Education Indicators in a State Comparison 2009" released by the Federal Statistical Office and state statistical offices in September 2009. It is based on data from 2007.

One particularly good piece of news was the high share of degrees in natural sciences and engineering at 35.4 percent

of all graduates. This figure is considerably above the average for Germany (29.6 percent) and the OECD average (24.4 percent). In terms of PhDs, Baden-Württemberg ranks No. 1 among the non-city states with a share of 2.9 percent. The national average is 2.3 percent, and the OECD average only 1.5 percent. The state also has a leading position for student-teacher ratios with 10/1 students per teacher, according to the "International Education Indicators in a State Comparison 2009." The national average is 12/2 and the OECD average 16/1.

International study opportunities

Science lives from internationality and cross-border discussions. Modern communication technology enormously facilitates the worldwide exchange of knowledge and ideas. The mobility of students has also risen as Europe has integrated. By developing internationally comparable study structures and introducing bachelor's and master's degrees as part of the Bologna process, a shared European region of higher learning is taking shape. The new European character of higher-education policies is leading to the increasing internationalization of Baden-Württemberg's institutions of higher learning.

More and more students are electing to spend time abroad as part of their studies. Baden-Württemberg does its best to help students gain this experience. After all, there is hardly any other area of society where internationality is such a matter of course as in science. Numerous state programs, university partnerships and scholarships open up a variety of opportunities to study abroad.

Universities

The state's nine universities form the heart of Baden-Württemberg's institutions of higher learning. They are characterized by their theory-based education and the link between high-level research and teaching. By developing young scientists, facilitating technology transfers, offering professional development opportunities and conducting an intensive dialogue with the business community, the universities in Baden-Württemberg create an internationally competitive venue for science. In addition to the three traditional universities of Freiburg, Heidelberg and Tübingen as well as the technical universities of Stuttgart and Karlsruhe, the universities of Hohenheim, Konstanz, Mannheim and Ulm offer their own subject-area focal points and courses to students. In the fall of 2009, the Technical University of Karlsruhe and the Karlsruhe Research Center merged to create the Karlsruhe Institute for Technology, the largest teaching and research institute in Germany.

One mission of universities is to prepare students for a profession outside the university and encourage them to use their theoretical knowledge to solve new problems. Another of their

responsibilities is to conduct research and educate young scientists for work at institutions of higher learning and external research institutes. Upon completion of their studies, students receive one of the following degrees:

- Bachelor
- Master
- State examination
- Diplom (expiring in 2010)
- Magister (expiring in 2010)

All of the state's universities are making the transition from the German diplom degree to the new two-step, internationally recognized bachelor's and master's degrees as called for by the Bologna Declaration of European Ministers of Education on a European Higher Education Area on June 19, 1999. This sweeping reform is to be completed in 2010. The new degree programs have replaced the traditional programs across Europe. A bachelor's degree can be earned within six to eight semesters. A master's degree can be completed in two to four additional semesters with a specific area of focus.

Some majors allow students to earn a degree at a foreign university within the framework of an integrated international study program in addition to the German degree. Subsequent options are a PhD, a postdoctoral program required for future university professors or other graduate studies.

Universities of applied science

Universities of applied science are characterized by their scientific instruction and intense practical focus. They offer challenging, forward-looking courses of study. The 23 universities of applied science, including four internal administrative colleges, create a statewide network of institutions that perform critically important economic and structural functions in their region. They not only educate students to become qualified specialists for local areas in cooperation with the business community, but also make their personnel and equipment resources available for knowledge and technology transfers. In addition to the state-sponsored universities of applied science, the state

Overview:

www.study-guide-bw.com

University Internet addresses:

www.uni-freiburg.de
www.uni-heidelberg.de
www.uni-hohenheim.de
www.uni-karlsruhe.de
www.uni-konstanz.de
www.uni-mannheim.de
www.uni-stuttgart.de
www.uni-tuebingen.de
www.uni-ulm.de

Universities of applied science:

www.htw-aalen.de
www.fh-albsig.de
www.hochschule-biberach.de
www.hs-esslingen.de
www.fh-furtwangen.de
www.fh-heilbronn.de
www.hs-karlsruhe.de
www.hs-kehl.de
www.fh-konstanz.de
www.fh-ludwigsburg.de
www.hs-mannheim.de
www.fhs-mannheim.de
www.hfwu.de
www.fh-offenburg.de
www.hs-pforzheim.de
www.hs-weingarten.de
www.reutlingen-university.de
www.fh-rottenburg.de
www.hfg-gmuend.de

www.hdm-stuttgart.de

www.fht-stuttgart.de

www.hs-ulm.de

Branches of the Cooperative State University:

www.die-duale-hochschule-kommt.de
www.dhbw-heidenheim.de
www.dhbw-karlsruhe.de
www.dhbw-loerrach.de
www.dhbw-mannheim.de
www.dhbw-mosbach.de
www.dhbw-ravensburg.de
www.dhbw-stuttgart.de
www.w-vwa.de
www.dhbw-vs.de

Music, art and media colleges (selection):

www.mh-freiburg.de
www.hfg-karlsruhe.de
www.hfm-karlsruhe.de
www.kunstakademie-karlsruhe.de
www.filmakademie.de
www.muho-mannheim.de
www.abk-stuttgart.de

Private colleges (selection):

Stuttgart Institute of Management and Technology, SIMT:
www.uni-simt.de
 Zeppelin University Friedrichshafen:
www.zeppelin-university.de
 Gustav Siewerth Academy: www.siewerth-akademie.de
 SRH University of Applied Sciences Heidelberg:
www.fh-heidelberg.de

has several government-certified universities of applied science funded by private groups.

Colleges of Education

In the College of Education to train teachers, Baden-Württemberg – in contrast to Germany's other states – has its very own form of institution of higher learning. The training of future teachers for elementary, secondary general school, intermediate secondary school and special schools is carried out in an intense, highly scientific manner.

Cooperative State University of Baden-Württemberg

The Cooperative State University of Baden-Württemberg is probably the most successful educational innovation of post-war Germany. The tight link of theory and practice at the branches of the Cooperative State University used to educate students is created in a model partnership between the state and the business community. The eight branches of the Cooperative State University in Baden-Württemberg have about 24,000 students. In cooperation with more than 8,000 partner companies and social institutions, the cooperative university offers a wide spectrum of courses of study in the areas of business, technology and social services.

On March 1, 2009, the Cooperative State University headquartered in Stuttgart was created from the Academy of Cooperative Education of Baden-Württemberg. By receiving university status, the dual-study program gained higher national and international recognition under the Baden-Württemberg model.

Art and music colleges

Baden-Württemberg has a high number of art and music schools. At the state's eight art and music colleges – more than any other German state – as well as at the Pop Academy, the Film Academy and the Academy of the Performing Arts, talented young musicians, actors, dancers, designers, film makers, music journalists and visual artists are trained. Thanks to their assortment of educational and subject profiles, the colleges and academies cover the entire range of training opportunities in the arts.

Private universities

Private universities complement the educational offerings of the state-sponsored institutions of higher learning. In terms of private universities, Baden-Württemberg ranks first in the country with 22 of them. To assure the quality of the universities' courses, the Baden-Württemberg Ministry of Science issues state certification and oversees the private

universities. The state provides about €12 million in annual support for the universities, which are primarily financed by private interests.

 Hotline for the support program:
+49 0711 2793325
www.handwerks-power.de
www.gewerbe-ga.de
www.steinbeis-hochschule.de

Professional development at institutions of higher learning

Interested graduates of institutions of higher learning have the option of continuing their studies after successfully completing their degree programs. All institutions of higher learning offer post-graduate studies: Graduate schools that teach additional professional qualification knowledge or specialty information in a person's previous major as well as contact-study programs that enable working professionals to expand their knowledge in various areas.

Recently, the state began to fund professional development courses in science at institutions of higher learning with a program called Master Online. In these new, multimedia, online-supported graduate courses, state-of-the-art knowledge media are used. The courses are designed for working professionals who have completed their college degrees and have work experience. The state is currently providing funding to the course programs called "intelligent, embedded microsystems," "periodontology" and "MBA estate planning" at the University of Freiburg and the course programs "logistics management" and "building physics" at the University of Stuttgart. The students in these programs have the opportunity to broaden their educations with further professional knowledge. The program is conducted in conjunction with the students' normal work schedule, and can be primarily completed at home or work by taking supported online courses.

In addition to college graduates, trades people who have completed the business degree program at a trade academy can attend a part-time study program without having the qualifications necessary to attend a university of applied science or university. This program is offered by the Steinbeis University Berlin and the Management Center at the Konstanz Chamber of Trade Crafts in cooperation with the state's chambers of trade crafts. Subjects covered in the program are finance and organization management, marketing as well as international and European law. Students who complete the program receive a bachelor of business administration (BBA) and have the opportunity to enter a master of business administration (MBA) program. Since the end of 2005, master craftsmen have been allowed to begin college-level programs that continue their previous occupational training without having to take an entrance exam.

THE SCHOOL SYSTEM IN BADEN-WÜRTTEMBERG

In eight years, the college-preparatory gymnasium in the state provides students with a broad, in-depth general education. The current nine-year gymnasium is to be abolished by the end of the school year 2011/2012. The diploma issued by the gymnasium forms the basis for occupational training at a company for people without a college degree or for a university education. Baden-Württemberg also has introduced a number of advance-placement gymnasiums for highly talented students. As a result, such students are to receive support at an early point in their educations. The schools selected for the program work with non-school partners like institutions of higher learning, companies as well as children's and young people's academies.

During the eight-year program at the gymnasium, all students learn at least two foreign languages. Instruction in the first one begins in the fifth grade and no later than the sixth grade for the second one. With the selection of the language profile in the eighth grade, students receive instruction in a third foreign language, and they have the option of a fourth language in the 10th grade. The foreign-language instruction is primarily designed to develop students' communicative skills. Speaking, listening and reading ability receive sustainable support.

Within the context of bilingual instruction in a subject or within bilingual islands or modules, students can learn to apply the foreign language as the language of instruction in a particular subject. In addition to individual bilingual instructional units offered as a special option, more than 50 gymnasiums now have fully developed German-English departments. An additional 15 have bilingual German-French departments, and the Königin-Katharina-Stift in Stuttgart has a bilingual German-Italian Department. After attending bilingual departments, students receive – based on the language – both the German high school diploma that entitles them to attend universities and the "International Abitur Certificate Baden-Württemberg" (for English), the French baccalauréat (the Abibac) or the Italian high school diploma needed to attend a university.

The intermediate secondary school is charged with providing students with a very practical education. This includes the teaching of basic skills that enable young people to live in today's and tomorrow's world: personal competence, inter-personal skills, an understanding of methodology and subject-matter knowledge. After attending the school for six years, students receive an intermediate secondary school diploma after taking the centrally administered final exams. This entitles them to be accepted into recognized occupational-training programs or to attend other educational institutions in which they can earn the diploma that enables them to attend a university. One characteristic of the intermediate secondary school is its balance between a general

education and occupationally focused training modules. The secondary general school with achievement level is a five-year program that concludes with the awarding of the secondary general school diploma. It also offers a subsequent voluntary 10th school year in which students can reach a level equivalent to the intermediate secondary school diploma. This type of school is currently being converted into the achievement secondary school. It is designed to issue a mid-range diploma after six years of education and enable students to use profile subjects to systematically develop their strengths. Secondary general schools and achievement secondary schools teach their students to lead their personal and professional lives on their own. In particular, slow learners and disadvantaged students receive optimal instructional support here. This improves their training ability, which creates the basis for life-long learning.

The elementary school serves as foundation of the education system and teaches basic knowledge and skills. Its mission is to help pupils make the transition from a life of play to a life of learning and working. When they finish elementary school, children should have comparable basic knowledge and skills regardless of their individual development resulting from their family or social environment. In Baden-Württemberg, all pupils begin to learn a foreign language in the first grade. This is usually English. But it is French in schools along the Rhine.



Gymnasiums with advanced-placement programs:

Landesgymnasium für Hochbegabte, Schwäbisch Gmünd: www.lgh-gmuend.de

Albert-Einstein-Gymnasium Ulm: www.gw.schule.ulm.de

Bismarck-Gymnasium, Karlsruhe:

www.bismarck-gymnasium.de

Friedrich-Schiller-Gymnasium, Marbach am Neckar:

www.fsg-marbach.de

Hans-Thoma-Gymnasium, Lörrach:

www.hans-thoma-gymnasium.de

Heinrich-Suso-Gymnasium, Konstanz:

www.suso.schulen.konstanz.de

Karls-Gymnasium Stuttgart: <http://karls-gymnasium.de>

Königin-Katharina-Stift Stuttgart:

www.kkst.s.bw.schule.de

Kurfürst-Friedrich-Gymnasium, Heidelberg:

www.kfg-heidelberg.de

Leibniz-Gymnasium, Rottweil:

www.leibniz-gymnasium-rw.de

Lessing-Gymnasium, Mannheim: www.lessing-smv.de

Reuchlin-Gymnasium, Pforzheim:

www.rgp.pf.bw.schule.de

Robert-Mayer-Gymnasium, Heilbronn:

www.rmg.hn.bw.schule.de

Scheffel-Gymnasium, Lahr: www.scheffel-gymnasium.de

Spohn-Gymnasium, Ravensburg: www.spohn.rv.bw.schule.de

Uhland-Gymnasium, Tübingen: www.ug.tue.bw.schule.de

The dual occupational training program

Along with the professional development programs offered by institutions of higher learning, Germany also has non-academic occupational training in a dual system, a parallel program at a company and in a vocational school. The dual system closely links practical training with theoretical knowledge. The company provides the practical side of the training program, and the vocational school the theoretical part. During the training program, a smooth transition into the world of work takes place. As the program continues, the trainees are increasingly integrated into the company's workflow. In Germany, there are about 340 government-approved training occupations.

By attending a vocational school, young people fulfill the basic three-year vocational-training requirement. Young people who do not start a vocational training program after finishing secondary school and also do not attend a continuing vocational school initially fulfill their vocational training requirement in a one-year vocational-preparation or vocational-orientation program. In addition to the dual system, young people have the option of receiving training in a technical school or – for students with an intermediate secondary education – at vocational colleges. Technical schools offer professional-development courses that can be attended on a part- or full-time basis. In a separate program, young people can obtain a higher-level high-school diploma all the way up to the Abitur by attending two-year vocational training schools, vocational preparatory schools, vocational colleges and college-preparatory vocational high schools.

2.2.3 SECONDARY EDUCATION



Hotline of the Baden-Württemberg Ministry of Culture:
+49 0711 2790
www.km-bw.de
www.schule-in-bw.de

Types of schools and development

Baden-Württemberg has an education system that measures up well in a both national and an international comparison. The system is based on the type and form of school. Like most of Germany's states, Baden-Württemberg's school system starts with a four-year elementary school. It then branches out into three different types of secondary schools: the secondary general school, the intermediate secondary school and the college-preparatory gymnasium.

The education system in Baden-Württemberg is characterized by the schools' proximity to students' homes and a range of course offerings. This system helps students better develop their individual talents and abilities. The system is designed to allow students to easily move from one type of school to another. The guiding principle is: a future for every

graduate. In addition to public schools, Baden-Württemberg also has private schools that give an even broader character to the education system.

In 2008, the state government decided to make massive investments in education in a program called "Education Quality Offensive." Through 2012, additional funding of nearly €530 million will flow into the education system. This process is designed to boost quality and solidify the state's position among the top educational locations in Europe. The primary goal of the "Education Quality Offensive" is to reduce the number of students in the classroom from the current level of 32 to 28. Through 2011, 3,200 additional teaching positions were created to achieve smaller classrooms. Other focal points of the quality offensive include the transformation of the secondary general school into a broader based secondary school, qualitative personnel development and continued professionalization of school management.

Expansion of all-day schools

The state government is also further increasing the number of all-day schools. By the 2014/2015 school year, a statewide, needs-based network of public all-day schools is to be set up. Every student is to have the option of being able to attend a nearby all-day school if necessary. In the 2009/2010 school year, the number of public and private all-day schools has risen to 1,223.

All-day schools play an important role in the development of schoolchildren and in work-life balance. They offer more leeway for systematic instruction and support of students, particularly for slow learners.

3. Economic structure and development

3.1 ECONOMIC STRUCTURE

Structural change is always part of economic growth. Baden-Württemberg has adeptly managed the changes that it has faced in recent years – globalization of markets and business locations, rapid technical advances and the aging of the state's population. The economy has also successfully joined the evolution to an information society.

In economic terms, the services sector now plays the biggest role. But a closer examination reveals that industry forms the core of the state's economy: The services sector does indeed generate 60 % of the state's economic power. But with a contribution by the manufacturing industry of 39.3 % (2008), Baden-Württemberg assumes the top position. In a Germany-wide comparison, industry has a value-added share of 30.1 %.

The range of sectors in Baden-Württemberg is particularly broad: In addition to the leading sectors of mechanical engineering and vehicle manufacturing, a number of other sectors are also represented here, including the production of metal products, the manufacture of equipment to generate and distribute electricity as well as measurement technology and control engineering.

The manufacturing industry in Baden-Württemberg focuses on international markets: 50 % of all revenue generated by this economic sector was produced for people outside Germany. By contrast, the total for Germany is just more than 45 %.

Baden-Württemberg has one of the most highly developed economies in the European Union. For such economies, innovations are the critical factor in international competitiveness, growth and employment. The innovation index of 2008 shows that the state remains the region with the highest innovation potential within the European Union, ahead of

Berlin and the Paris metropolitan area of Ile de France. The basis for this leading position is primarily formed by the state's exceptionally strong technology focus. The share of employees in research-intensive industrial branches and the concentration of patents are nowhere higher than here. The state has only about 14 % of German workers. But 27.1 % of employees in research & development (R&D) have their jobs in Baden-Württemberg. The most R&D-focused sectors include vehicle manufacturing, mechanical engineering, the pharmaceutical and chemical industry, environmental engineering, medical and measurement technology as well as control engineering.

A study called "Prognos Zukunftsatlas 2009" (Prognosis Future Atlas) sees excellent potential for these sectors in future years. In a comprehensive, multi-step process, the study experts identified seven economic areas with long-range growth potential:

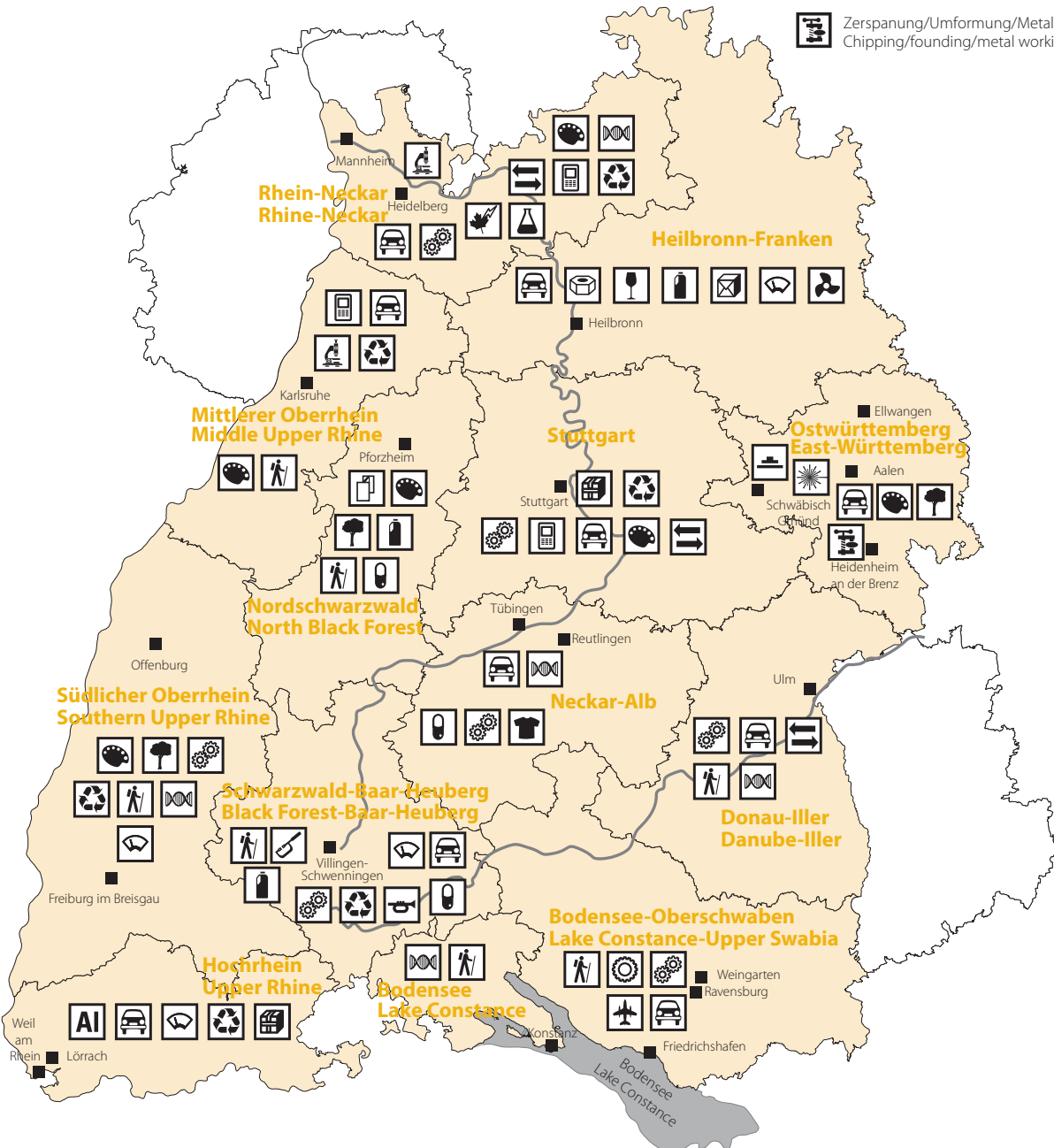
- Health care
- Information and communication technology
- Measurement and control technology
- High-quality company and R&D services
- Logistics
- Vehicle manufacturing
- Mechanical engineering.

The members of this last group have been hit particularly hard by the current recession, but the forecast says that they maintain their significant position as lead sectors in the German economy. The study forecasts very promising futures for those sectors that are well integrated into world markets, offer industry-relevant interdisciplinary technologies or strengthen the innovativeness of other companies through their own research and consultation work.

Prognos identified well above-average expertise in fields of the future in Baden-Württemberg. In addition to the state

Important regional clusters

- | | | | |
|---|--|--|---|
| Aluminiumverarbeitung
Aluminum processing | IKT
ICT | Medizintechnik
Medical engineering | Photonik/Optische Technologien
Photonics/optical technologies |
| Automotive | Kreativwirtschaft
Creative industries | Metall-/Stanztechnik
Metal & die cutting technology | Produktionstechnik
Production technology |
| Befestigungstechnik
Fastening technology | Kunststoffverarbeitung
Plastic processing | MSR-Technik
Measurement & control technology | Textil und Bekleidung
Textiles and clothing |
| Chemie
Chemicals | Life Sciences
Life Sciences | Musikinstrumentenproduktion
Musical instrument production | Tourismus/Gesundheit
Tourism/health |
| Engineering | Logistik
Logistics | Nanotechnik
Nanotechnology | Umwelt-/Energietechnik
Environmental and energy technologies |
| Feinwerktechnik etc.
Precision engineering, etc. | Lüftungstechnik
Ventilation technology | Oberflächentechnologie
Surface technology | Verpackungstechnik
Packaging technology |
| Glas-/Labortechnik
Glass and laboratory technology | Luft- und Raumfahrt
Aerospace | Organic Electronics
Organic electronics | Wald-/Holzwirtschaft
Forestry/timber industry |
| | | | Zerspaltung/Umformung/Metallguss
Chipping/founding/metal working |



Source: Baden-Württemberg Ministry of Economics.

capital, Stuttgart, rural areas also demonstrate their future viability. A number of small, but excellent cluster regions finished in the top 20 of 413 counties and urban districts. Baden-Württemberg is Germany's leading region for clusters of the future. Mechanical engineering and health care are particularly strong here. Many small and mid-sized companies – often family run – have become market leaders in their niche businesses (hidden champions). Prognos says they will have excellent opportunities once the crisis passes.

In 2008, the Baden-Württemberg Ministry of Economics commissioned a report on the state's cluster policies. This study identified the target areas of the cluster policies that had the highest priority for the business location of Baden-Württemberg. The criterion was a particular level of innovation that secured a leading position for Baden-Württemberg among the states in Germany. In addition, the sectors have pronounced value-creating links to other sectors. The target areas are also tightly integrated into international trade through their export relationships. The following nine clusters were identified:

- Medical technology
- Information technology, IT applications and business software
- Automotive businesses
- Production technology (mechanical engineering)
- Photonics (optics industry)
- Pharmaceutical industry
- Microsystem technology/nanotechnology
- Science/company-related services
- Biotechnology.



These leading sectors form the foundation for the state's excellent economic position and will play an important role in the state's international competitiveness in years to come. During the same year, the Ministry of Economics put together a regional cluster atlas that provides a unique overview of statewide and regional cluster initiatives. The atlas shows that this state has a variety and concentration of economic activity in its regions that few countries of the world can boast.

Land of inventors

In a reflection of the state's high level of innovativeness, Baden-Württemberg is Germany's leading region of invention: With 15,081 patent registrations at the German Patent and Trademark Office in 2008, Baden-Württemberg ranks No. 1 in Germany, followed close behind by Bavaria (13,528) and well ahead of North Rhine-Westphalia (7,797). With 140 registrations per 100,000 residents, the state is the undisputed leader. Across Germany, the most patent registrations are made in the areas of vehicle manufacturing and mechanical engineering, both of which are strongly represented in Baden-Württemberg.

Baden-Württemberg is a classical region of small and mid-sized enterprises. Such companies and self-employment create roughly two-thirds of jobs and train four out of five apprentices. They contribute more than half of overall economic performance. As a result, small and mid-sized enterprises are the critical economic and success factor for Baden-Württemberg and its further development as a business location.

3.2 SECTOR FOCUSES

3.2.1 INDUSTRIAL SECTORS

Vehicle manufacturing

Baden-Württemberg is Germany's most important location for automakers. Two of the most innovative automakers are based in Baden-Württemberg: Daimler AG and Porsche AG. Audi AG also has one of its most important production sites in the state. In the area of commercial vehicles and car tuning, such leading companies as Volvo Busse Deutschland GmbH, Kässbohrer Geländefahrzeug AG, Mercedes-AMG GmbH and BBS Krafffahrzeugtechnik AG are represented in Baden-Württemberg.

More than one-quarter of the sector's annual revenue in Germany is generated in the state. Vehicle manufacturers are firmly anchored here: The companies profit from the highly developed supplier structure, from partnership opportunities with companies from the same and related sectors as well as from the know-how of specialist, engineers and research institutes.

Vehicle manufacturing is the most important industrial branch in Baden-Württemberg. In 2008, this branch produced total revenue of €82.1 billion with a workforce of about 242,000 people. The high quality and efficiency of vehicle manufacturing are reflected in the export share that exceeds 63 %. In vehicle manufacturing, the large-company structures of automakers and system suppliers are supported by a broad array of mid-sized company structures of module and component suppliers.

The working relationship with the state's institutions of higher learning is close and provides a steady stream of highly qualified young specialists: construction and process engineering, vehicle technology as well as mobility industrial design are special university majors in the area of mobility offered in Baden-Württemberg. Institutions of higher learning, Max Planck institutes and groups that conduct business-oriented research explore a variety of automotive issues ranging from basic research to development of applications. The research institutions work closely with automakers and the suppliers of the automotive industry.

Mechanical engineering

About one-third of German mechanical engineers are located in the Stuttgart region, a development that primarily results from the automotive industry's strong position in this region. Many mechanical engineers supply their products to the automotive industry, or they have auto suppliers as customers. But mechanical engineering plays a significant role not just in the Stuttgart region. A number of mechanical engineers are also located in small cities: Typical family-run businesses that are relatively small, but are highly specialized and market leaders with a high export share in a small niche. In one reflection of this, Esslingen, a city just outside the state capital, is Germany's largest mechanical engineer-

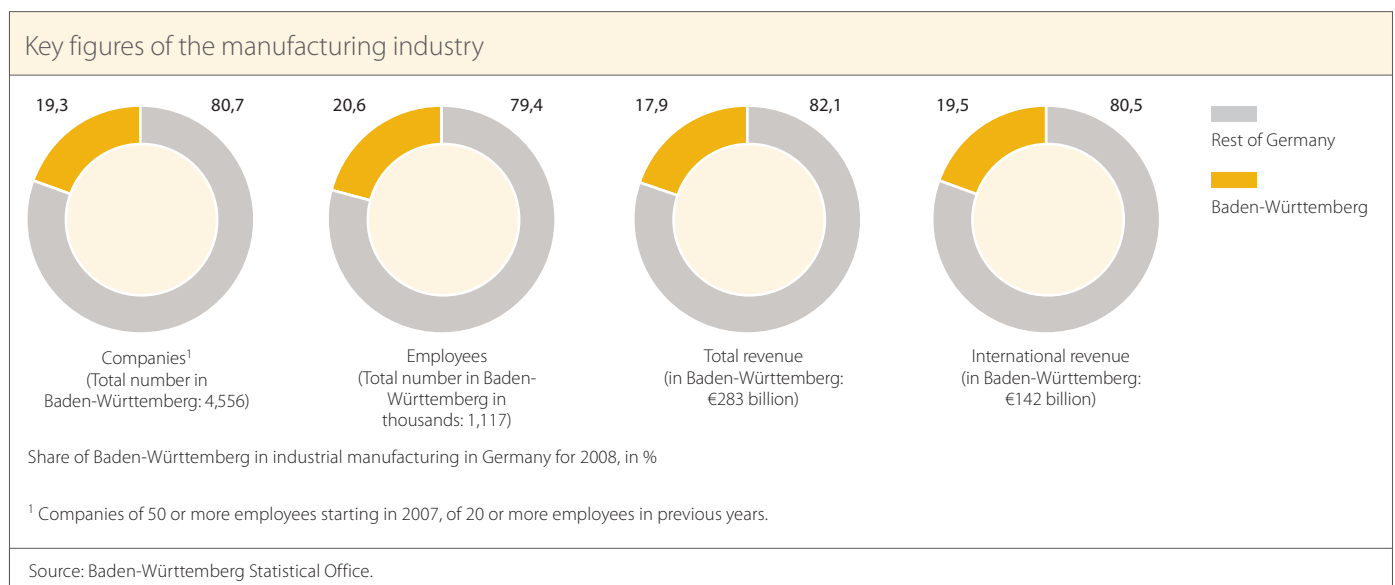
ing location with about 20,000 employees. Machine-tool manufacturing is the dominant business here. Esslingen County is home to such well-known companies as Index Werke, Eberspächer and Gebr. Heller as well as mechanical engineering companies that do not supply the automotive industry like Metabo and Thyssen-Krupp Aufzugwerke. Such names as Trumpf and Dürr stand for globally known mechanical engineering companies from the Stuttgart region.

The strongest growth among German mechanical-engineering companies has been generated in recent years by Lake Constance County. In the last eight years, the number of employees in this region has doubled, reaching a total of about 16,000 people today. This figure, taken from the "Zukunftsatlas 2009" (Future Atlas) published by the business-research firm Prognos AG, is based on statistical data from the German Employment Agency. Two major companies dominate Lake Constance County: ZF Friedrichshafen, the producer of bearings, transmissions, gears and drive-system components with 61,000 employees around the world, Tognum with the brand MTU, one of the major suppliers of diesel engines and drive systems for ships, among other things.

The 293,000 people employed by mechanical-engineering companies in Baden-Württemberg generated total revenue of €66.2 billion in 2008. The sector is one of the most important export industries in the state. A total of 26.2 % of German mechanical-engineering exports originates in Baden-Württemberg.

Electronics and electrical engineering

Baden-Württemberg is a critically important business location for the German electrical industry. More than 20 % of people employed by the industry work in Baden-Württem-



berg. The broadly based sector of electronics and electrical engineering comprises the areas of industrial management, communication technology as well as components for electronics, microsystems and electrotechnical devices. Such global players as Siemens, Bosch and ABB develop, research and produce in the state.

Nonetheless, the sector in Baden-Württemberg is largely characterized by small and mid-sized enterprises: Companies like Hirschmann (Neckartenzlingen), Pilz (Ostfildern) and Neff (Bretten) or such family-run businesses as Euchner (Leinfelden-Echterdingen) and Electrostar Schöttle (Reichenbach/Fils) have made a name for themselves that extends well beyond the state's borders.

The internationalization of economic relations and the consolidation of European markets are well advanced in the electrical industry. In 2008, the industry, consisting of about 1,000 companies based in Baden-Württemberg and employing a total of 200,000 workers, generated nearly 50 % of its revenue in international business.

Metal industry

The metal industry is the manufacturing industry's fourth major pillar in Baden-Württemberg. About 1,500 companies with 133,000 employees are involved in the production and processing of metal as well as the manufacture of metal products. The sector is characterized by small and mid-sized companies. Nonetheless, the metal industry in Baden-Württemberg has its sights firmly fixed on international sales markets: The export share exceeds 30 %. Most of the companies are based in the state's large metropolitan areas. Such counties as Rastatt, Böblingen and Tuttlingen are also popular business locations.

Aviation and aerospace

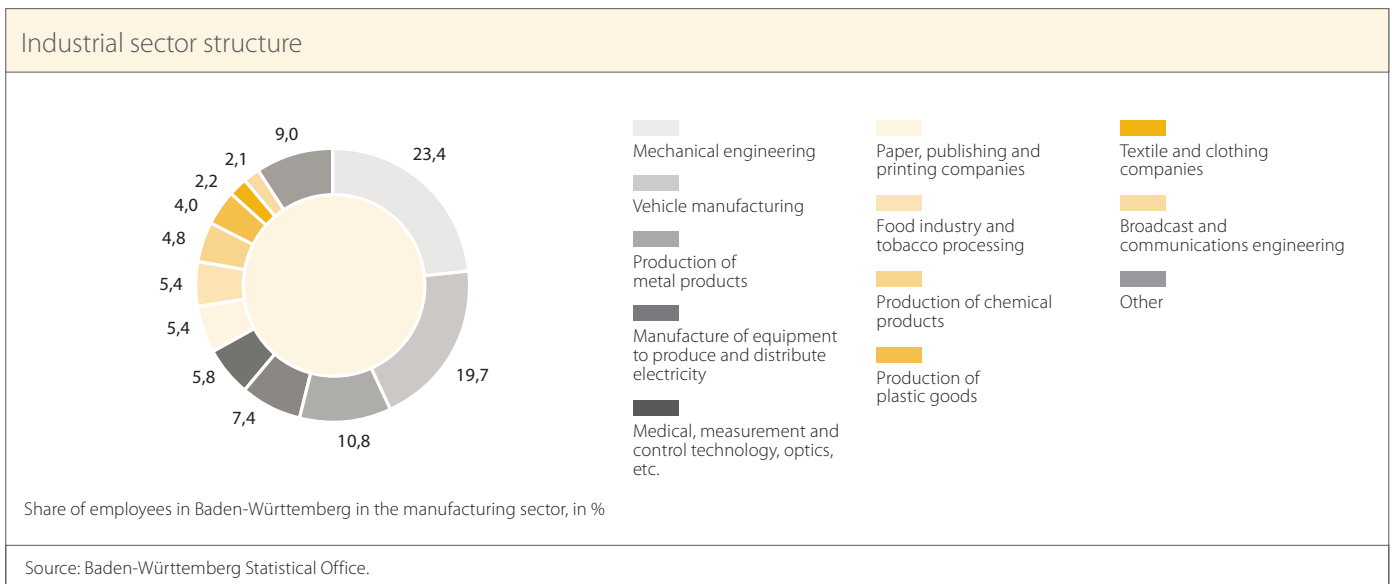
The worldwide growth in air transport and increased spending on defense and space flight have given a major boost to this sector in recent years. Baden-Württemberg is one of the most important locations of the European aviation and aerospace industry. Global leaders like EADS, Diehl Aircabin, Diehl Aerospace and Thales are based here. Leading suppliers in other segments of the mobility sector like Behr Industrietechnik GmbH & Co. KG and ZF Friedrichshafen AG have also successfully established business segments in aviation and aerospace.

Companies in Baden-Württemberg play major roles in international partnerships like Airbus, Tornado, Eurocopter and Eurofighter. In Stuttgart, the German Aerospace Center provides extensive support to organizations that conduct application-focused research in the areas of renewable energies, combustion engineering, high-power lasers, building-method and construction research as well as vehicle concepts.

One special focal point of the sector is aerospace. About 2,600 people work at aerospace locations in Baden-Württemberg, approximately 42 % of all aerospace employees in Germany. The leading companies here are the EADS subsidiary Astrium in Immenstaad near Friedrichshafen and Lampoldshausen, Tesat-Spacecom in Backnang and Thales ATM in Korntal-Münchingen. With its rocket-test range, the Institute of Space Propulsion in Lampoldshausen is unique in Europe.

Measurement technology

Measurement technology and control engineering, a focal point of small and mid-sized companies across Germany, is a vital industrial branch in Baden-Württemberg by tradition.



The region around Freiburg is a center for measurement technology and control engineering. As a result of the area's proximity to the chemical center around Basel and the chemical plants on the Upper Rhine, the sector's main customers are the chemical and pharmaceutical industries. About 80 manufacturers of measurement technology have made their homes in the Freiburg region.

Two companies are particularly significant: Endress + Hauser and Sick AG. The family-run company Endress + Hauser in Lörrach concentrates on measuring and regulating liquids and gases. Sick, based in Waldkirch in Breisgau, primarily works in the area of sensors for the manufacturing and process industries. Smaller, companies like Ekato, the largest European specialist for agitating and mixing technology, are based in the Freiburg region as well.

The know-how of Baden-Württemberg companies is in demand throughout the world. It is based on both companies' own R&D work as well as the exemplary interplay in the area of knowledge transfer with institutions of the innovation alliance, the Fraunhofer Society, the major research institutions of the Helmholtz Association (the German Aerospace Center, Karlsruhe Institute for Technology), the Max Planck societies, institutions of higher learning and the practice-based transfer centers of the Steinbeis Foundation. Well more than 200 companies with over 30,000 employees work in the production location of Baden-Württemberg for customers around the world. More than 50 % of total revenue is produced by international business activities.

Intralogistics

The intralogistics industry provides the technology that is used for intra-company flows of material and logistics. It includes suppliers of hoisting devices, conveyor and warehousing technology, logistics software, identification technology services and complete systems. In proportion to its size, Baden-Württemberg has the highest concentration of

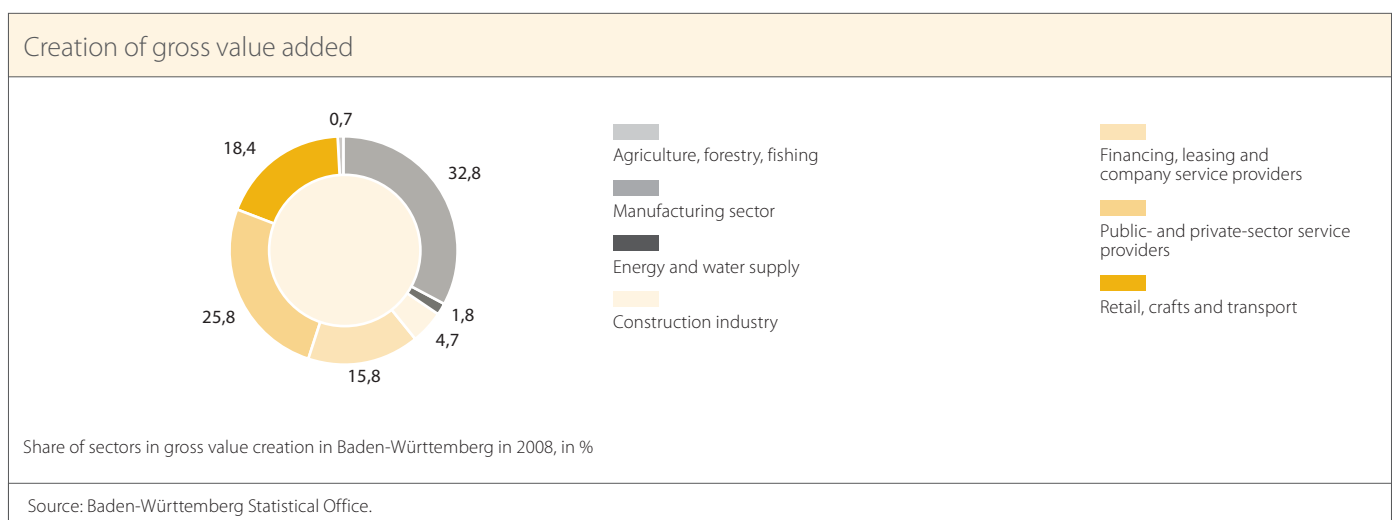
intralogistics companies in Germany, with 800 companies in operation, and is the home of many market leaders. New types of machinery elements and new control technology are revolutionizing intra-company processes. In this work, the state has assumed a leading position. Companies in Baden-Württemberg cover the complete range of intralogistics services. In Baden-Württemberg, players from the business and academic worlds have formed the Intralogistik-Netzwerk Baden-Württemberg e.V., a network that bundles activities for a logistics segment that is so vital to the state.

Many of companies in this sector are based in the traditional industrial sites in the mid-Neckar region – the location of Stuttgart and Heilbronn – and in the Rhine-Neckar area – the home of Karlsruhe and Mannheim. But logistics companies are also based in the regions around Künzelsau, Backnang, Oberndorf am Neckar, Villingen-Schwenningen, Freiburg and Lörrach. The sector lives from the innovations of small and mid-sized companies whose names are known around the world.

Biotechnology

Biotechnology is business for the 21st century. Thanks to the work of its research institutions, its companies and its high-performance bioregions, Baden-Württemberg not only ranks among the leaders of biotechnology locations in Germany, but also assumes an increasingly higher position around the world.

In research, the state is exceptionally well positioned in all areas of biotechnology. The state also offers investors and cooperation partners in related areas the best means to create interdisciplinary networks in biotechnology. As an interdisciplinary technology, biotechnology integrates various disciplines of the natural sciences and engineering. The area of biotechnology covers a broad spectrum today that includes bioprocess technology, medical/pharmaceutical biotechnology, biotechnology for foods, gene technology,



bioinformatics, regenerative biology, nano-biotechnology and stem-cell therapy.

Baden-Württemberg also has one of the highest concentrations of biotechnology companies in Germany. About 150 companies in the sector conduct their research and development in the state – with about 4,000 jobs. In the bioregion of the Rhine-Neckar triangle, Ulm, Freiburg and the Stuttgart region, numerous bioparks have been set up with the help of €13 million in support provided by the Ministry of Economics available to business startups in the life-sciences sector.

Medical technology

One of the leading business locations for medical technology is located in Baden-Württemberg. The city of Tuttlingen is the home to the world's largest collection of surgical-instrument companies. Global leaders like Aesculap AG & Co. KG and Karl Storz GmbH & Co. KG are based there. Overall, about 570 medical-technology companies are active in the state – one of the highest concentrations of such companies in Germany. In addition to Tuttlingen, health-care centers have formed in Heidelberg, Freiburg and Ulm. In these centers, world-renowned companies contribute their joint know-how to the advancement of medical care. Export volume of nearly €3 billion underscores the global significance of medical technology made in Baden-Württemberg.

Chemical industry

Baden-Württemberg ranks at the top for revenue generated by the chemical industry. It is also Germany's fourth-largest business location for this industry, following Rhineland-Palatinate, North Rhine-Westphalia and Hesse. A total of 457 companies employ nearing 100,000 people. The industry's centers in the state are located in the Mannheim/Karlsruhe region, the Freiburg/Hochrhein region, the Stuttgart area and the Ulm/Biberach region.

The branch is characterized by its variety and its business locations that are smaller than those along the Rhine, where the major companies have made their homes. In these sites, the chemical industry is made up of small and mid-sized companies: about 90 % of the companies have fewer than 500 employees each. The focal points of Baden-Württemberg's chemical companies are in the areas of pharmaceuticals, personal hygiene and detergents, lacquers, paint and building-protection agents. These areas make up 60 % of the sector.

Pharmaceutical industry

The pharmaceutical industry in Baden-Württemberg assumes a leading position among German states both in terms of

revenue volume and employees with a share of more than 20 %. Although major, global pharmaceutical companies like Roche, Boehringer Ingelheim and Ratiopharm have their headquarters or major operations in the state, the heart of the pharmaceutical industry in Baden-Württemberg is formed by small and mid-sized companies. Nine of 10 companies in the sector have up to 500 employees each, and eight of 10 have up to 300 employees each.

The essential factor behind the success of the small and mid-sized pharmaceutical companies is the ability to provide niche areas with specialty knowledge, a high level of innovativeness and enormous flexibility. International companies also conduct research and make products in Baden-Württemberg, including two of the world's largest pharmaceutical makers, Pfizer and GlaxoSmithKline. Other industry heavyweights like Actelion, AstraZeneca, Baxter, Novartis, Nycomed, Sanofi-Aventis and Yamanouchi have operations in the state as well.

The focal point of medication production in the state is the manufacture and marketing of drugs with a particular therapeutic direction like homeopathy, phytotherapy and anthroposophy. The state is the European leader in this area. The business location of Baden-Württemberg also has a leading position in pharmaceutical research.

Environmental technology: Baden-Württemberg is one of the most significant locations for environmental technology. As a result of the interfaces with the leading sectors of the automotive industry, mechanical engineering, electrical engineering, precision engineering and optics, this area represents a key technology for Baden-Württemberg. There are also cross-links to micro- and nanotechnology, which create new opportunities for applications and products. With one of the world's highest concentration of more than 50,000 industrial operations, the state offers immense sales and procurement potential for products and processes from environmental technology.

Baden-Württemberg assumes a leading position in Germany thanks to its high concentration of research institutions and environmental technology companies. Eighty-four institutions in the state conduct research into environmentally relevant areas. These organizations include the Karlsruhe Institute for Technology, various Fraunhofer institutes and non-university research groups.

Just like many other sectors in the state, Baden-Württemberg combines hundreds of small, highly innovative companies with new national and international business groups that are active and successful in the area of environmental technology. These major companies include Siemens, ABB and GEA Wiegand. Baden-Württemberg is also an important business location for companies involved in environmental biotechnology. Two examples of these companies based in the state are: IBL Umwelt und Biotechnik GmbH, a specialist in preventive and remediation en-

vironmental protection, and Wehrle Werk AG, a builder of environmental facilities.

Energy

Baden-Württemberg maintains a leading position in the development of new energy forms. The state and its companies are playing a pioneering role in work to turn fuel cells into a market-ready technology. Companies from a variety of sectors are active in this effort: Ballard Power Systems has a location in the state, and leading Baden-Württemberg automotive companies and suppliers including Freudenberg and Mann + Hummel as well as energy providers like EnBW are exploring this technology of the future.

Germany's third-largest energy company, Energie Baden-Württemberg AG (EnBW), is headquartered in the state. Baden-Württemberg is also a leading business location for companies in the sectors of hydropower, wind power and other renewable energies. Key players in the water-power industry, including VA Tech Hydro, Voith Siemens Hydro Power Generation, Alstom Power Generation and Wasserkraft Volk have operations in Baden-Württemberg.

ABB, one of the largest manufacturers of electrical equipment and generators for wind-power stations, is based in the state. A quarter of all wind turbines around the world is equipped with electrical components made by ABB. Today, ABB is working around the world on the development and implementation of major wind-power projects. Baden-Württemberg is also a significant location for the solar sector as well. Producers of solar cells and photovoltaic modules like RWE Schott Solar GmbH, Solar Fabrik AG and Sunways AG as providers of complete photovoltaic systems are based in the state, just as numerous manufacturers of components for thermal solar usage. S.A.G. Solarstrom AG, a leading German solar-power producer, is based in Baden-Württemberg, too.

3.2.2 INFORMATION AND MEDIA SECTOR

The information and media sector plays a critical role in the competitiveness of Baden-Württemberg's economy and the future of the state. With a share of 7 % of the state's gross value added, the IT and media sector is among the most distinctive sectors in Baden-Württemberg and is part of a leading European business location.

The IT and media sector in the state is characterized by a wide variety of offerings: A traditionally strong publishing and printing sector is just as firmly rooted in the state as are numerous advertising agencies, radio stations, the film industry, information and communication technology as well as information and communication services. A total of 274,000 employees and annual revenue of about €45 billion prove one thing: Baden-Württemberg is one of Germany's leading IT and media locations.

IT and communications

IT and communications are a particularly critical sector of the future. Data transmission and network technology, computer hardware as well as end-user telecommunication devices that include cell phones and office equipment like copiers have already become irreplaceable tools in the work world. The high-tech devices produced by the entertainment electronic companies are gaining a more prominent place in people's private lives, too.

In the area of information and communication technology, Baden-Württemberg is one of the leading business locations in Germany. Global market leaders in computer hardware, including Hewlett-Packard, have their German headquarters here. IBM's largest development center outside the United States is located in the state as well. Global players have business operations in the state and represent leading technological expertise. They include Agilent and Micronas in the semiconductor industry, and Alcatel in telecommunications technology.

Following the liberalization of the telecommunications market, the sector in the state has gained enormous momentum. Numerous innovative providers of innovative devices and content, particularly for rapidly growing mobile communications, use the very latest technologies. About 11 % of providers of telecommunications services in Germany are based in Baden-Württemberg. In addition to the global player Siemens, which develops innovative mobile-communications technology for use around the world, Alcatel SEL and several other important network operators are located in the state.

Powerful hardware is the basis of all IT and communication applications. With annual revenues of more than €36.7 billion and more than 1,500 companies, the manufacturers of IT hardware, electronic components as well as network and telecommunications technology play an important role in the state. Global companies like Sony, IBM, HP and Siemens shape the sector. But hidden mid-sized champions like Steag Hamatech of Sternenfels, transtec of Tübingen, Bechtle of Neckarsulm and Pyramid of Freiburg are also key players in the sector.

Information and communications services as well as software

In Baden-Württemberg's IT sector, around 95,000 employees generate revenues of about €21 billion each year. As a result, the state is one of the leading creative business locations in Germany. Impressive evidence of the state's innovativeness is the numerous new jobs created by IT services in recent years. Baden-Württemberg is also among the global leaders in research, offering 220 IT and media-study programs.

In addition to SAP, the world's leading provider of standard business software, small and mid-sized software companies contribute to the business location's innovation momentum. The spectrum extends from specialists for address software, automation, logistics and machine operation to programmers of hard-wired applications industrially used in machinery and vehicle manufacturing as well as in electronics.

Many professional e-business providers also make their homes in Baden-Württemberg: The spectrum ranges from electronic procurement (e-procurement), online project management, Internet sales (e-commerce) and product training (e-learning) to global maintenance of equipment done over the Internet. The systematic integration of Web applications in the available IT infrastructure is one of the core skills of service providers and software developers in the state.

In Baden-Württemberg, the entire range of multimedia and Internet applications is covered: by numerous Web designers, content providers, developers of online shops and e-learning applications, infobrokers and full-service agencies. About 16 % of all IT companies in Germany are based in Baden-Württemberg. They generate one-third of revenues and provide nearly one-quarter of the sector's jobs in Germany.

One of the strengths of Baden-Württemberg is developing business software and services. It is not just the sector leader in this segment, SAP of Walldorf, that secures the state's leading international position in this area. In a reflection of this, thousands of new jobs were created in the state amid the dotcom crisis that occurred at the beginning of this decade. The trend remains unchecked. About 5,000 software companies and numerous startups each year ensure that top-level technology continues to be developed. The business success of domestic and international users is proof of the products' quality.

About 1,500 companies work in the area of Internet/multimedia, and the average per-capita revenue totals €92,000. The leading service providers are GFT Technologies, DMC Digital Media Center, 21Torr, plenum Stoll & Fischbach, avcommunication and the TC Gruppe.

Media

Baden-Württemberg has a leading position in the German media sector. More than 730 of the country's 4,400 publishing companies are located in the state. One major focal point here is the production of academic and educational publications. GFT Technologies AG, the second-largest German new media service provider, also makes its home here. Other leading German media companies, including the Verlagsgruppe Georg von Holtzbrinck, the No. 2 among trade publications in Germany; and Hubert Burda

Media, the No. 2 for mass-circulation magazines in Germany, are based in the state. The Baden-Württemberg Film Academy was selected No. 1 in the development of creative talent in Germany.

In Baden-Württemberg, media companies find the best business conditions as a result of the state's excellent institutions of higher learning with their wide range of study programs and the established sector networks. Regional media centers include the Stuttgart area, Ortenau County with Baden-Baden and Karlsruhe, Rhine-Neckar County with Mannheim and Heidelberg as well as the city of Freiburg.

3.2.3 SERVICES SECTOR

Baden-Württemberg is one of the world's leading industrial regions. Places where research, development, financing, production and marketing are carried out also need high-quality services. As a result, the services sector has grown rapidly in recent years. This sector also plays a role in the state's economic growth. About 400,000 people work in the sector's various segments, making the services sector a critical employment engine for the region.

Shipping and transport

The industry of Baden-Württemberg is tightly integrated into global procurement and sales structures. Small and mid-sized logistics specialists provide production companies with both the necessary transport services and a variety of tailored logistical value-added concepts.

Baden-Württemberg is one of the most important logistics markets and locations in Germany. With about €35 billion in revenue and 170,000 employees in 17,000 companies, the core sector of logistics in Baden-Württemberg ranks fourth in economic significance behind mechanical engineering, vehicle manufacturing and the electrical industry. In addition to production-related logistics services, Baden-Württemberg is particularly strong in intralogistics as well as in logistics-related research and development.

Tourism

Tourism is critically important in terms of the state's economy, employment levels and structural policies. Tourism in the state generates about 5 % of the gross domestic product and can measure itself against such key economic sectors as mechanical engineering and the automotive industry. More than 200,000 jobs in the state directly depend on tourism. The sector also offers about 11,500 training positions.

The tourism sector is shaped by small and mid-sized companies. Particularly in rural spas and health resorts, tourism plays an important regional and structural-political role. It

draws people with money to these regions and strengthens the local economy. According to research conducted by the German Economic Institute for Tourism at the University of Munich, the income generated by tourism totaled an estimated €7.7 billion in 2006. The share that tourism made to aggregate income was 3.1 % in 2006.

Gastronomy

The hotel and restaurant industry is the main pillar of the tourism sector and a central component of the increasingly important services sector. More than 32,000 companies with about 215,000 employees generate annual revenue of more than €7 billion. Seven hotels in Baden-Württemberg have been awarded the title of "five star superior" issued by the German Hotel and Restaurant Association (DEHOGA). About 1,200 hotels in the state have a certificate.

The hotel and restaurant industry is characterized by small and mid-sized companies. Between one person and five people, including the owner, work in 85 % of the companies. The share of family companies is above average. The number of training positions has risen in the hotel and restaurant industry to more than 10,000 across the state in recent years.

Health care

In mid-2008, more than 410,000 of the 3.9 million employees who pay into Germany's social services system worked in health care and social services, which form the cross-sectional sector of health management with the industry sectors of biotechnology, medical technology and the pharmaceuti-

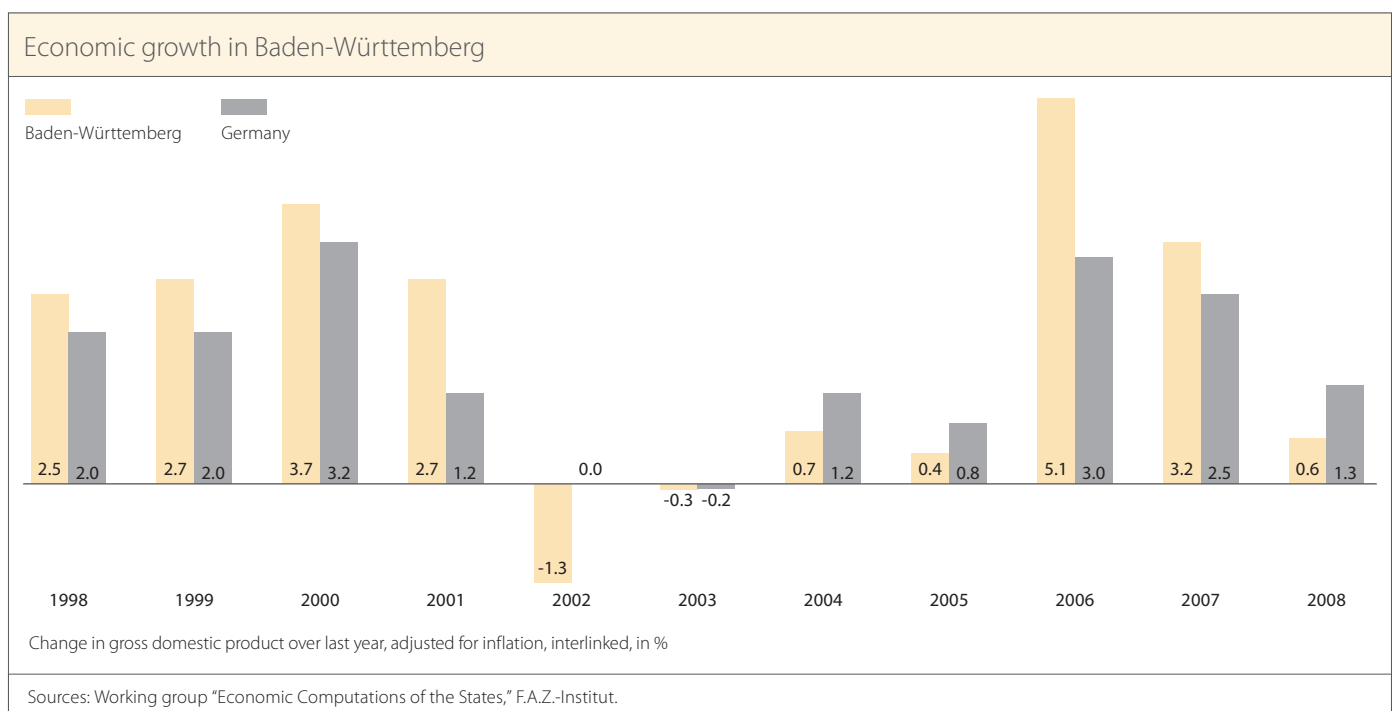
cal industry. This sector of the future is rapidly growing and has tremendous international growth potential. The leading health-care regions include Stuttgart, Freiburg, Heidelberg, Karlsruhe, Mannheim, Ortenau County and Tübingen County. An above-average number of clinical companies and university medical centers are located here.

Financial services

Baden-Württemberg is not only an important banking center but also the home of important home savings and loan associations and one of the largest business locations for insurance companies in Germany. The Stuttgart Stock Exchange ranks second in Germany behind Frankfurt. The Stuttgart Stock Exchange is the main trading place for securitized derivatives as well as a place to buy and sell stocks, bonds and mutual funds. In 2008, the sector of finance and insurance services supported 136,000 jobs that pay into Germany's social-services system.

3.3 ECONOMIC DEVELOPMENT

Since the new millennium began, the manufacturing industry has steered the economic direction of Baden-Württemberg. Following the services offensive experienced in the 1990s, the importance of the manufacturing industry has risen in the past nine years. Since 2000, economic performance has climbed 12 % in price-adjusted terms. The strong growth of the manufacturing industry, which climbed 19.5 % in the same period, was the key factor in this development. The services sector, on the other hand, grew by only 10.5 %.



This strong growth primarily resulted from the high level of international competitiveness in the manufacturing industry because the global export and investment boom had a positive effect on the region as well. The international demand for industrial products "Made in Baden-Württemberg" has led to high output growth in this sector of about 25 %. The export of products has even risen by 50 %. In particular, the new EU members from central Europe and Asia, primarily China, have dramatically increased their demand for industrial goods made in Baden-Württemberg.

As a result of the strong economy, employment in Baden-Württemberg has risen by 5 % since 2000. In 2008, 5.6 million people were employed here. Worker productivity – as measured in GDP per working hour – climbed 8 %. New jobs were not just created in the manufacturing industry. Thanks to the increasingly tight link between industry and services, the strong industrial performance has had a positive impact on employment growth in the services sector: In 2008, 66 % of employees in Baden-Württemberg worked at a services company, compared with 62 % in 2000. While the manufacturing industry has been the economic engine since the turn of millennium, the services sector has been the job engine during the same period.

The international economic crisis has had a bigger impact on Baden-Württemberg than other German states. As a result of the state's international business focus, the slowing momentum in global investment has been broadly felt. Following the economically strong years of 2006 and 2007, when the gross domestic product rose by 5.1 % and 3.2 %, respectively, the year of 2008 produced growth of only 0.6 %. But the economic crisis did not really start until some time had passed in 2008 because the economy was able to continue its high level of production as a result of the large number of orders it had received in previous years. The economic crisis did not fully hit the job market in 2008, and employment continued to rise in 2009. But international customers completely disappeared as drivers of business. Demand from other European countries stagnated, and exports to the economically shaken United States plunged by 12.5 %. Exports could increase only to Asia, producing a nominal rise of 7 %.

During the first months of 2009, the economic downturn continued in Baden-Württemberg as it did in other German states as well. Manufacturers of preliminary goods and capital goods experienced a particularly sharp drop. Revenue reversals were much less severe for the consumer-goods industry. But something that appears to represent a weakness for the Baden-Württemberg economy can soon turn into a strength: With the economic recovery already under way in the emerging countries of Asia, demand for preliminary goods and capital goods may revive soon.

4. Investment conditions

4.1 ESTABLISHMENT AND ACQUISITION OF A COMPANY

4.1.1 LEGAL FORMS OF ORGANIZATION

4.1.1.1 JOINT-STOCK COMPANIES

a) Private limited company (GmbH)

The GmbH, or Gesellschaft mit beschränkter Haftung, is an incorporated enterprise with its own legal personality in which legal or natural persons may invest capital. The owners participate in the company as a result of their possession of one or more shares in the business.

Establishment: At least one person is required in order for a GmbH to be established (a one-person GmbH). Generally, though, at least two owners set up a GmbH. As the first step in establishing a GmbH, all founding shareholders must conclude a contract that requires notarization. Both natural and legal persons may be parties to the contract, which contains the participation rights involved in the company's establishment and the articles of association for the future GmbH. In addition, the GmbH must be entered into the Commercial Register. A GmbH is legally required to have at least €25,000 in equity capital. The invested capital – the share of the equity capital assumed by each stakeholder – must be a cash or in-kind payment.

Operation and organ structure: As a legal entity, the GmbH can act only through its organs. The law defines the managing director and the general shareholders' meeting as the supreme decision-making bodies. In addition, the articles of association of the GmbH can call for the creation of a supervisory board to monitor the company's management. The co-determination law can also mandate the creation of a supervisory board. The managing directors are charged with running the company according to direc-

tions provided by the general shareholders' meeting and within the framework of the law and the articles of association. They also represent the company in dealings with third parties.

Legal status of the shareholders: The legal status for each owner arises from the number of shares each owner has in the company. The owner is entitled to property rights and participation rights. The property rights include the entitlement to the yearly profit (plus profit carried forward and minus loss carried forward) that reflects his or her share in the company.

Liability: The liability risk of the GmbH is limited to the assets of the GmbH. The investors assume no personal liability with their personal assets.

Accounting: The legal regulations governing accounting for all joint-stock companies as well as the GmbH & Co. KG are basically the same and are contained in the German Commercial Code. These regulations require that an annual report be published. This report consists of the financial statement, profit and loss statement, notes that explain specific points in the financial statement and the profit and loss statement as well as a management report. Under the German Commercial Code, variously strict regulations apply to the extent and reporting periods for accounting reports depending on the size of the company – a distinction is drawn among small, mid-sized and large joint-stock companies depending on total assets, sales and number of employees. Since fiscal year 2005, it has been possible to issue company reports based on the International Financial Reporting Standards (IFRS). The managing directors of the GmbH are charged with keeping the books and publicizing the business and assets situation. They can contract a third party to assume these responsibilities.

HIGHLIGHTS OF THE GMBH REFORM

On November 1, 2008, the Act to Modernize the Law Governing Private Limited Companies and to Combat Abuses (Gesetz zur Modernisierung des GmbH-Rechts und zur Bekämpfung von Missbräuchen or MoMiG) took effect. Here are the most important aspects of the law for investors:

- The “traditional” GmbH with equity capital of €25,000 remains in place.
- In addition, there is an option called “business enterprise (with limited liability).” In German, this form of enterprise is called *Unternehmensgesellschaft* (*haftungsbeschränkt*) or *UG* (*haftungsbeschränkt*).
- In a business enterprise (with limited liability), the equity capital totals at least €1 per owner. It must be completely paid in cash before the enterprise is entered into the Commercial Registry. In-kind payments are not permitted.
- UG (with limited liability): Twenty-five percent of the yearly profit minus the potential loss carry forward from the previous year must flow into a statutory reserve unless the company raises its equity capital to at least €25,000 at a later point in time.
- GmbH and UG (with limited liability): A model protocol containing the information laid down in the appendix to § 2, Paragraph 1a of the Limited Liability Companies Act (GmbH Gesetz) for simple standard business establishments (including formation of a stock corporation by cash subscription, no more than three owners) combines the company contract, the list of owners and the appointment of the managing director. As a result, it becomes simpler, faster and – to a limited degree – less costly to set up a company.
- For businesses subject to authorization – including craftsmen, restaurant owners and builders – government-issued permits must no longer be submitted when an enterprise is entered into the Commercial Register. As a result, a drawn-out authorization process can no longer impede the establishment of a company.

b) Stock corporations (AG)

Just like the GmbH, a German stock corporation, or *Aktiengesellschaft* (AG), is an incorporated company with its own legal personality. The business assets of the AG, the capital stock, are divided into shares of stock. Through the acquisition of shares, the stockholders hold a stake in the company that is proportionate to the face value of their shares to the capital stock. As a result, they acquire rights, including a voting right at the general shareholders’ meeting and the right to a share of dividends. The stockholders exercise their rights at the general shareholders’ meeting.

Shares can be transferred by their owners as long as the articles of association do not restrict such activity. There is no requirement that an AG be listed on a stock exchange, even if its shares, in principle, could be listed. An AG’s capital stock must total at least €50,000 and can be reduced or raised only with the approval of the general shareholders’ meeting. The AG’s obligations are covered only by company’s assets. As a result, the company’s creditors cannot turn to the stockholders for payments. The legal foundation for an AG is the Stock Corporation Act (*Aktiengesetz*). Stock sales are governed by such rules as the Stock Exchange Act (*Börsengesetz*) and stock exchange regulations of the individual exchanges.

Establishment: Strict regulations govern the establishment of an AG in order to protect potential investors. One or more people can be part of the AG’s establishment, receiving shares of stock in exchange for their investment. All investors can be natural or legal – including foreign – persons of private or public law, or partnerships. The articles of association must be notarized, and include information about the name, headquarters and activities of the company, the amount of the capital stock and its apportionment in par-value shares or non-par-value shares, the par value or the non-par-value of the shares, type of shares, type of issuance as bearer or named shares, number of board of management members and the form of the public reporting. Unlike the GmbH, the regulations of the Stock Corporation Act are generally compulsory and can be altered by the articles of association only when such changes are allowed under the law. After the articles of association have been notarized, the founders appoint the first supervisory board and an auditor for the first complete or partial fiscal year. The supervisory board selects the first management board. After the formation audit has been completed, the AG will be entered into the Commercial Register.

Operation and organ structure: The organs of the company are the general shareholders’ meeting, the management board and the supervisory board. During the general shareholders’ meeting, stockholders exercise their rights by using their votes. A general shareholders’ meeting must be held once a year. During this gathering, the shareholders make decisions about fundamental issues affecting the company. Among other things, they elect the shareholder representatives on the supervisory board, provide the discharge of liability for members of the supervisory and management boards, appoint the annual auditor, make decisions about the distribution of the balance-sheet profit and dividend payments as well as consider major business issues, including changes in the articles of association, increases and decreases in capital, mergers and the dissolution of the company. At the general shareholders’ meeting, the management board informs stockholders about the company’s business position and the future direction of the company.

As long as no deviating (e.g., co-determination) regulations apply, the supervisory board will consist of at least three

members elected by the general shareholders' meeting. These individuals may not be members of the board of management. This board is primarily an oversight body. Its most critical responsibilities are supervising the company's management, appointing and dismissing members on the board of management, reviewing the annual report and the management report as well as serving as the judicial and extrajudicial representatives of the company in dealings with the board of management.

The board of management consists of one or more people, depending on the capital stock and the size of the workforce: For a company with capital stock of more than €3 million, the board of management must have at least two members, as long as the articles of association do not stipulate a different size. If an AG has more than 2,000 employees, the board of management must have at least two members, one of whom serves as the chief human-resources officer. One of the board members can be elected by the supervisory board to serve as chairman of the board of management or CEO. The board of management directs the AG, runs the business, and represents the company in both judicial and extrajudicial matters. It must have authority over fundamental issues, including business planning, coordination and supervision as well as important business decisions. As a matter of principle, the board of management is not subject to directives, even though its work is monitored by the general shareholders' meeting and the supervisory board.

The legal status of shareholders: On the basis of their investment, stockholders have certain rights, including co-management rights that give them a voice in the company's decision-making processes and property rights. As a result of the co-management rights, stockholders may participate in the general shareholders' meeting. These rights also include the right to information, voting rights and the right to challenge decisions made by the general shareholders' meeting. On the basis of their property rights, the stockholders are entitled to their share of the balance-sheet profit. The extent of these property rights is determined by the proportion of the number of held shares to the number of all shares. If the company is liquidated, the stockholders are entitled to a proportionate share of the liquidation proceeds. They are also entitled to repayments as a result of capital reductions and subscriptions right for capital increases.

Liability: The company, not the stockholders, is liable with its assets for the obligations to creditors.

Accounting: Every AG – just like every GmbH – is required to keep financial records based on the previously mentioned laws. In addition, it must follow the balance-sheet requirements contained in the Stock Corporation Act. Under the law, listed joint-stock companies – regardless of their size – are considered to be major corporations. As a result, they cannot take advantage of any departures from the rules, including longer periods to issue reports. Joint-stock companies are required to base their annual statements on IFRS.

c) Limited partnership with shares (KGaA)

The limited partnership with shares, or Kommanditgesellschaft auf Aktien, is a company with its own legal personality. Unlike an AG; it has no board of management. Rather, it has one or more general partners who are personally liable. As a result, the limited partnership with shares combines elements of the stock corporation (AG) and the limited partnership (KG).

Establishment: A limited partnership with shares can be established by one or more persons. In other aspects, establishment procedures largely reflect those of a corporation.

Operation and organ structure: The entire capital of the limited partnership with shares consists of the investments made by the partners and the capital stock provided by the limited liability shareholders. Like an AG, the capital stock must total at least €50,000 and is divided into shares. It is subject to the same regulations as the capital stock of the AG. In principle, the partnership shareholders have the same rights and obligations as stockholders in a corporation. But they lack the personnel decision-making authority governing appointment of executives because the supervisory board may neither appoint nor dismiss the partners. In the limited partnership with shares, the general shareholders' meeting is not the organ of all owners. Rather, it serves this function only for the limited liability shareholders. Every limited partnership with shares must have a supervisory board that monitors the partners who, by law, may not be members of

ESTABLISHING BRANCHES

To do business in Germany, a foreign company does not have to form a business with its own legal personality. Rather, it may open a branch. Such branches must be separated in geographic, business and organization terms from the main office. They must conduct their business activities with a long-range plan in mind – not for temporary purposes within the context of a company. A branch is required to keep separate books from the main office. It must also have separate management. Unlike a subsidiary, the branch is not autonomous in legal terms. Rather, it is considered to be a part of the business and assets of the – foreign – company. Under German law, every company is entitled to establish a branch in Germany, provided that its headquarters is outside the country and is recognized as a legal person by the country where the headquarters is located. Under German law, a branch must be entered into the Commercial Registry responsible for it. Because a branch is not a separate legal person, it may only do business that is similar or complementary to that conducted by the main office. On the other hand, it has none of its own rights and obligations.

the supervisory board. Compared with the corporation, the supervisory board of the limited partnership with shares lacks other powers as well. For instance, it may not issue any business directives to the partners and may not link particular types of business activities to its approval. The members of the supervisory board are selected on the basis of stock-law regulations.

Liability: Two types of owners are involved in a limited partnership with shares: partners and limited liability shareholders. The limited partnership with shares must have at least one partner who has personal, unlimited and unrestricted liability for obligations. He has business and representative authorities. The limited liability shareholders, like stockholders in an AG, have stakes in the company's capital stock and have the same membership rights. They are not liable for the company's obligations.

Function, advantages and limitations compared with a corporation: As a special form of joint-stock company, the limited partnership with shares can be listed on the stock exchange. This makes it the appropriate legal form for family-owned companies or mid-sized enterprises that want to expand their financial base on the capital markets. Unlike the AG, it enables a more personal form of management structure to be partially maintained. For this reason, it is considered – as a result of the partners' influence – to be largely immune to takeovers. Compared with the AG, this form of partnership offers much more entrepreneurial freedom.

Accounting: The partnership with limited shares is subject to the regulations that cover joint stock companies.

4.1.1.2 PARTNERSHIPS

a) Individual proprietorship

An individual proprietorship, or Einzelunternehmen, is created when a single person, a sole business person, opens a business and serves as the only working owner. Unlike the one-person GmbH, an individual proprietorship does not form a new legal personality. Rather, all of the obligations and entitlements arising from the business activities apply to the business person alone. As a result, this person is liable with both the company's and his or her own private assets. No mandatory amount of capital is required. The individual proprietor does not have to keep books. The individual proprietor can, but does not have to be entered into the Commercial Register. But non-business people can acquire the status of commercial merchant by being entered into the Commercial Registry. In doing so, they assume all of the rights and responsibilities of a merchant.

b) Partnership under the German Civil Code (GbR)

Every business partnership can assume the form of a partnership under the German Civil Code, or Gesellschaft des bürgerlichen Rechts: small businesses, joint practices of professionals and business alliances. The only restriction on this form of business is that the partnership is not involved in mercantile trade (otherwise, it would represent a general commercial partnership, which is explained in section e). The purpose of the business is defined in a contract, which does not have to take a specific form and can be done as an oral or written agreement. The owners have extensive leeway in composing the contractual framework. A minimum amount of capital is also not required. Unless stipulated otherwise, all owners have the same managerial rights. Every owner bears personal and unlimited liability for the partnership's obligations.

c) Limited partnership (KG)

In a limited partnership, or Kommanditgesellschaft, two or more owners have formed an alliance. They can be natural or legal persons. The limited partnership has at least one general partner who bears full liability – including with his or her private assets – and at least one limited partner whose liability is restricted to the amount of his or her investment. Only the general partners are authorized to manage the business. The limited partners are granted no right to influence the operation of the company. The law requires no minimum amount of capital investment. Because equity is provided through the limited partners' financial investment, the limited partnership can gain startup capital easier than it can through loans.

d) GmbH & Co. KG

The GmbH & Co. KG is a special form of the limited partnership. Unlike the limited partnership, this form of partnership has a GmbH as the personally liable owner (general partner) instead of a natural person. As a result, no natural person must be liable for the partnership's obligations with his or her own assets. This organizational form is appealing to mid-sized companies and family-run businesses because it combines the strengths of partnerships in terms of company and tax law with those of joint-stock companies in terms of liability and organization.

Form: In a typical GmbH & Co. KG, the owners of the general partner-GmbH are identical to the limited partners of the limited partnership, with the same stake in the GmbH and the limited partnership. One special case is the single-person GmbH & Co. KG in which the sole owner of the GmbH is also the sole limited partner.

Establishment: The GmbH & Co. KG is created by a business contract that governs the relationship and rights of the owners – the general partner GmbH and the limited partners. The company must be entered into the Commercial Register.

The business contract does not have to take a particular form and can be flexibly written.

Functions: The GmbH & Co. KG is represented by the general partner GmbH, which does not have to have a stake in the limited partnership's assets. The general partner GmbH usually assumes the responsibility for managing the business, e.g., the managing directors of the general partner GmbH directly run the business of the GmbH and indirectly the operations of the limited partnership. Representation responsibilities for the GmbH & Co. KG can also be assigned to an authorized officer. Compared with the pure limited partnership, the GmbH & Co. KG has one advantage: It may be managed by a third party. Limited partners do not have the authority to manage or represent the GmbH & Co. KG. They may oppose unusual business dealings and must approve actions that go beyond normal business operations.

Legal status of the limited partners: Each limited partner is required to make an investment, either money or in-kind, in the company. If no particular sum for the investment is set in the business contract of the GmbH & Co. KG, it is assumed that it will correspond to the liability share that must be entered into the Commercial Register. The limited partners have a right to the payment of their profit share. They also have monitoring and information rights. They can request a copy of the audited annual financial statement, and see all books and documents that apply to this audit.

Liability: The general partner GmbH bears unlimited liability for the obligations of the GmbH & Co. KG. The liability of the limited partners is restricted to the liability share entered into the Commercial Register. If a limited partner has made his or her required investment in the company, his or her immediate liability ends to the extent of the investment total.

Accounting: Generally speaking, the same regulations that apply to a joint-stock company (see GmbH) are used for the GmbH & Co. KG in terms of the financial statement and the management report. Within the GmbH & Co. KG, the limited partnership and the general partner GmbH must issue separate financial statements.

e) General commercial partnership (OHG)

The general commercial partnership, or Offene Handelsgesellschaft, includes at least two owners who have unlimited liability with their business and personal assets. As a result of the willingness to assume liability, the general commercial partnership is a highly regarded partnership form among lending institutions. But the risk of private bankruptcy and business closure is higher than for a GmbH. Under legal regulations, each owner manages the company internally and represents it externally, unless the business contract stipulates something else. No minimum amount of capital stock is required.

f) Partnership based on the Act Governing Partnerships for Members of the Professions (PartGG)

For professional groups that cannot start a GmbH or consider the process too involved, the partnership, or Partnergesellschaft, is an alternative to a partnership under the civil code. Professionals – exclusively natural persons; a simple capital investment is not permitted – form an association in order to practice their profession on their own. The partnership agreement must be done in writing. The regulations for a partnership are based on those of the civil code or the general commercial partnership unless other regulations are contained in the partnership law. For the partnership's financial obligations, the partners act as co-debtors in addition to the partnership's assets. Only the acting partner is liable for mistakes made in the performance of the business in addition to the partnership. Professionals whose liability is restricted by professional regulations are required to have liability insurance. The partnerships are entered into the partnership register of the local court. No minimum capital investment is required.

4.1.2 EUROPEAN LEGAL DEVELOPMENTS

The European Council and the European Court of Justice are also advancing the process of EU integration in terms of company law. In this work, they are doing such things as supporting the development of business life in the community and helping create a single domestic market. The European Court of Justice has also issued numerous decisions aimed at unifying the European legal framework. It pays particular attention to the right of establishment.

a) Überseering decision

In the Überseering decision issued on November 5, 2002, the European Court of Justice determined that so-called domicile theory violated the right of establishment. As a result, the establishment theory, and not the domicile theory, is to apply at a minimum to companies from EU member states. Accordingly, an EU member state must recognize the legal capacity and, as a result, the capacity to sue and be sued of a foreign company that possesses these capacities under the law of the country in which the company was established. This also applies if a company that was established under the laws of a member state and that has its headquarters in this country's territory exercises its right of establishment in another membership country. The decision of the European Court of Justice extended the selection of company forms. Until the court issued its ruling, foreign corporations that had their administrative headquarters in Germany were denied legal capacity and the capacity to sue and be sued. The result was that the foreign companies did not receive the liability restrictions to which they were entitled under their establishment laws.

TAX RATES IN GERMANY FOR 2009

a) Income taxes

Flat-rate withholding tax: As part of the business tax reform of 2008, the flat-rate withholding tax took the place of the capital-returns tax in 2009. The tax rate is 25 percent. The amount of tax-exempt interest income and dividends is €801 and €1,602 for married people. The flat-rate withholding tax may be assessed in one of two ways: taxation determined by the flat-tax method or the conventional method. Taxpayers whose marginal tax rate is below 25 percent will select the conventional method, and those above this level will choose the flat-tax option. In both instances, the half-income process and the speculation period cease to exist. For shares of stock acquired before January 1, 2009, capital gains are to remain exempt from income taxes.

Income tax: A standard deduction applies to taxable income. For 2009, the standard deduction is €7,834 for singles and €15,668 for married people. Beginning in 2010, the deduction will rise to €8,004 for singles and €16,008 for married people. For taxable income above the standard deduction, tax rates rise in two linear progressive zones. In 2009, the marginal tax rate fell from 15 percent to 14 percent for taxable incomes of €7,835 for singles and €15,670 for married people. The income limits for 2010 are €8,005 for singles and €16,010 for married people. In 2009, the top tax rate is 42 percent, and applies to taxable incomes of €52,552 for singles and €105,104 for married people. Beginning in 2010, this rate will apply to incomes starting at €52,882 for singles and €105,764 for married people.

Local trade tax: A base value is used to calculate the local trade tax. This value is determined by applying a multiplier of 3.5 percent to the operating earnings. A standard deduction of €24,500 applies to natural persons and partnerships. For them, reduced tax bases will apply to earnings of up to €72,500 for the last time during the assessment period (calendar year) 2007. The local trade tax is determined and levied by communities by applying their multiplier to the base value for tax purposes. The multiplier has totaled at least 200 percent since the assessment period of 2004.

Corporate tax: Since the assessment period of 2008, the corporate tax rate for retained and distributed profits has been 15 percent. The flat-rate withholding tax (25 percent) is levied on dividends.

Solidarity surcharge: The solidarity surcharge amounts to 5.5 percent.

b) Taxes on assets

Property tax: To determine the base value for tax purposes, the assessed value of the individual piece of property is multiplied by the base tax rate. The rates are 0.26 percent and 0.35 percent for real estate property in the western states and 0.5 percent and 1.0 percent in the eastern states. Municipalities apply a multiplier to the base value for tax purposes.

Estate and gift tax: The estate tax reform that took effect on January 1, 2009, amended the inheritance and gift law. As a result of one change, acquirers of business assets, shares of joint-stock companies – if the bequeather/donor held more than a 25 percent direct stake – as well as if agricultural and forestry assets gain substantial relief. The acquirer has the following choice:

- If the acquirer decides to take an 85 percent exemption for the obtained company assets, he or she must continue to run the business for seven years – while complying with previously determined wage agreements. The share of administrative assets – including land turned over to a third party – may not exceed 50 percent in the process. Under this option, small and mid-sized enterprises also profit from a moving deduction amount of €150,000. Overall, the regulation ensures that company assets worth up to €1 million remain untaxed.
- If the acquirer decides to take a 100 percent exemption for the obtained company assets, he or she must continue to run the company for 10 years and fulfill higher wage requirements. The share of administrative assets in this case may not exceed 10 percent.

c) Transaction and consumer taxes

Value-added tax: In addition to the general value-added tax rate of 19 percent, Germany has a reduced rate of 7 percent. This latter rate applies to such things as most foods, printed materials and public transportation.

Real-estate transfer tax: In the past, the rate of the real-estate transfer tax was 3.5 percent across Germany. But the German states have been allowed to set their own rates since September 2006. Berlin became the first state to increase its rate. It now totals 4.5 percent.

Source: German Finance Ministry.

b) European stock corporations

It is possible to establish a European stock corporation (Societas Europaea, SE) in all EU states. The corporate-law basis of this company structure is governed by an EU regulation that also provides leeway for national implementation laws. As a result, national stock laws of the respective establishment country and rules on articles of corporation that reflect national stock laws apply to the SE. The option of a European stock corporation is especially appealing for companies that do business in various locations and want to give their activities a uniform holding structure. The SE has several advantages over Germany's stock corporation: In place of the two-layer company structure with the strict separation of board of management and supervisory board (dualistic system), the law allows for a single-layer business and management structure with an administrative board or managing directors. A European stock corporation may move its headquarters to another EU country without its being previously dissolved. Without meeting any other requirements, it may also set up as many European stock corporations and subsidiaries within the European Union as it wishes.

c) European Economic Interest Grouping (EEIG)

A European Economic Interest Grouping is a partnership based on union law. The purpose is not to earn a profit itself, but rather to promote the economic interests of its members and to facilitate their business activities by combining means, activities and experience. Given its goals, the EEIG is not a particularly appealing company form. The EEIG must have at least two members from two different EU countries. The establishment agreement has no particular form. But it must contain certain information and be entered into the register provided by the respective EU countries. In Germany, this is the Commercial Register. Registration gives the EEIG full legal capacity throughout the union. The respective member country determines whether the EEIG established under its laws will be viewed as a legal person.

4.2 BUSINESS TAXES

Companies that do business in Germany are subject to various taxes. The most important are taxes on profits, capital, transactions and consumption.

4.2.1 TAXES ON PROFITS

Taxes on profits like income tax, including the capital-returns tax, the corporate income tax and the business tax, apply to growth in assets. For the income and corporate taxes, the extent of tax obligations is based on location: If

the location is in Germany, the taxation requirement is unlimited, meaning the income earned around the world is subject to taxation. If the company is based outside Germany, a limited tax obligation applies. This requirement applies only to income earned in Germany (territorial principle). For the business tax, it does not matter where the company is based. The operation maintained in Germany is subject to tax.

a) Income tax

The income tax applies to natural persons. For trade companies, farms and forestry operations as well as partnerships, this tax is based on profits. The income tax is progressive.

b) Flat-rate withholding tax

In 2009, the taxation of capital income began to be addressed by a process that deducts the money at the source. The tax is levied independently of the taxpayer's personal income-tax rate. As a result of this process, the taxation of capital income is considered to be satisfied, which represents a fundamental change from the previously applied capital-gains tax. The flat-rate withholding tax replaces the previous process in which the taxpayer had to list capital income on his or her income-tax return.

c) Corporate tax

The corporate tax is a special type of income tax that applies to legal persons – particularly joint-stock companies; to other associations of individuals, as long as they are not co-entrepreneurships in terms of the Income Tax Act; and to assets. Just like the income tax, the tax basis is the income that the corporate body earns in a calendar year. The regulations laid down in the Income Tax Act define what is considered to be income and how income is to be determined. Special regulations in the Corporate Tax Act apply as well. One particular focus here is hidden dividends. Like the income tax, the corporate tax is a direct tax and a personal tax that cannot be deducted from income.

d) Solidarity surcharge

To finance German unification, all taxpayers have been required to pay a surcharge on income and corporate taxes since 1995. The solidarity surcharge is based upon the determined income or corporate tax.

e) Local trade tax

All domestic businesses are subject to the local trade tax. The basis for determining the local trade tax is operating income,

which frequently corresponds to the profit. The local trade tax is determined in two steps: First, tax officials multiply the taxable income by the base tax rate to determine an amount subject to tax. The municipalities then apply their own individual multiplier to this total. Because each municipality has its own multiplier, the local trade tax varies from municipality to municipality. If a company has branches in several municipalities, the amount subject to tax for the affected communities is divided by using a distribution formula. In this case, partial payments of the local trade tax are made to several municipalities. Individual entrepreneurs and partnerships receive standard deductions from the local trade tax. Joint-stock companies do not. In addition, the local trade tax can be partially applied to the personal income tax if the business is a one-person company or a partnership. The revenues generated by the local trade tax are shared by the municipalities and the federal government.

4.2.2 TAXES ON ASSETS

Taxes on assets include property, estate and gift taxes.

a) Property tax

The property tax applies to domestic property and is levied by municipalities. To determine the base value, the assessed value of the respective piece of property – the deciding factor is the value at the beginning of the calendar year – is multiplied by a basic rate. The amount produced by this calculation is subject to the municipalities' multiplier. A distinction is drawn between property tax A on agricultural property and property tax B on developed and developable sites.

b) Estate and gift tax

The inheritance tax is levied as a hereditary succession tax. Unlike an estate tax that covers the assets of the bequeather and is determined on the basis of its size, the hereditary succession tax is linked to the acquisition by the individual heirs or other acquirers. The gift tax supplements the inheritance tax. It is designed to prevent the inheritance tax that will apply to future estates from being evaded through the giving of gifts among the living. Under this principle, gifts among the living are subjected to the same standards as inheritances. The legal basis for the levying of the inheritance/gift tax is the Inheritance and Gift Tax Act in the version of Article 1 of the Inheritance Tax Reform Act of December 24, 2008. The tax is applied to inheritances following a death, gifts among the living and the assets of family foundations and corresponding associations at certain intervals.

4.2.3 TRANSACTION AND CONSUMER TAX

a) Value-added tax

The value-added tax applies to deliveries and other services that a company performs in Germany as part of its business operations in return for payment. Imported articles are also subject to the value-added tax. Shipments between EU members are not considered to be exports or imports because they are viewed as being an intra-Union acquisition or an intra-Union delivery. The company performing the services is subject to the value-added tax. The tax is also called a net all-phase sales tax with input-tax deduction. A tax is applied to every step of value creation, taxing in effect only the creation of added value.

b) Real-estate transfer tax

The real-estate transfer tax applies to the purchase of domestic property. The condition for the real-estate property tax is the presentation of a legal sales contract. Other legal business transactions that constitute the claim to the transfer to a piece of property can be subject to the real-estate transfer tax, e.g., the transition of the commercial authority to dispose and the transfer of shares to a partnership or stock corporation whose assets include a domestic piece of property if, as a result of the transaction, the transferee consolidates at least 95 percent of the shares in his or her own hands. The real-estate transfer tax is also due if a domestic piece of property belongs to a partnership and if the composition of the owners changes directly or indirectly within five years to the extent that at least 95 percent of the shares are transferred to the new owner. The real-estate transfer tax is based on the value of the consideration. The consideration includes the purchase price and everything that the purchaser expends to retain the property, that is, contractually assumed loan obligations, assumed liens and surveying costs. The value of the consideration is determined by the valuation.

5. Economic development

5.1 POINTS OF CONTACT

Baden-Württemberg International (bw-i) is the central point of contact for all types of domestic and international inquiries. The jobs performed by Baden-Württemberg International include initiating international company partner-



Central points of contact for investors:

Baden-Württemberg International – Gesellschaft für internationale wirtschaftliche und wissenschaftliche Zusammenarbeit mbH (bw-i) advises companies, entrepreneurs starting their own businesses and investors in all matters pertaining to business locations in Baden-Württemberg; Telephone: +49 711 22787-0; e-mail: info@bw-i.de; Internet: www.bw-i.de, www.bw-invest.de

Baden-Württemberg Ministry of Economics, Department of Economic Principles and Foreign Trade; Telephone: +49 711 123-2096; e-mail: poststelle@wm.bwl.de



Guide to Economic Development::

w-punkt, Haus der Wirtschaft, Willi-Bleicher-Straße 19, 70174 Stuttgart; telephone: +49 1801 072004; e-mail: w-punkt@wm.bwl.de; Internet: <http://wpunkt.de>

Further contacts:

- Economic-development officials in local governments
- Regional economic-development officials in counties and regional economic development initiatives
- Representatives of chambers of industry and commerce
- Representatives of chambers of tradecrafts

ships through market-exploitation activities in major economic regions of the world, marketing the business location of Baden-Württemberg as a site for business, science, research and higher education both inside and outside Germany, assisting with investments being made in Baden-Württemberg by international business and performing of projects in selected target countries.

w-punkt, an initiative of the Baden-Württemberg Ministry of Economics, serves as a seasoned guide who leads companies, entrepreneurs starting their own businesses and investors on a tour of economic-development options in Baden-Württemberg. The spectrum of information includes financial assistance, consulting possibilities and other issues in the broad field of economic development. Using the Internet portal of w-punkt, interested persons can find local, regional and statewide points of contact who can answer questions about economic development, particularly those concerning the following topics.

Business-location questions

Baden-Württemberg is one of Europe's most attractive business locations for investors in Europe. The central goal of the state government's economic policies is to maintain and expand the above-average employment rate and standard-of-living level in Baden-Württemberg by creating effective economic-political parameters. And studies have indicated that Baden-Württemberg is very successful in this effort. At the very least, employers in Baden-Württemberg give high marks to the business location.

Baden-Württemberg International (bw-i) is the central point of contact for all types of domestic and international inquiries. The jobs performed by Baden-Württemberg International include initiating international company partnerships through market-exploitation activities in major eco-

conomic regions of the world, marketing the business location of Baden-Württemberg as a site for business, science, research and higher education both inside and outside Germany, assisting with investments being made in Baden-Württemberg by international business and carrying out projects in selected target countries. bw-i is also the central point of contact for all domestic and international inquiries.



Points of contact for business startups and company succession:

Baden-Württemberg Ministry of Economics – Initiative for Business Startups and Company Succession (ifex); telephone: +49 711 123-2786; e-mail: ifex@wm.bwl.de; Internet: <http://www.newcome.de>

Business locations chambers of industry and commerce; Internet: www.bw.ihk.de

Starter Center of the Chambers of Trade Crafts; Internet: www.starter-center-bw.de

Baden-Württemberg, Connected (bwcon); telephone: +49 711 90715-500; e-mail: info@bwcon.de; Internet: <http://www.bwcon.de>

RKW Baden-Württemberg GmbH; telephone: +49 711 22998-0; e-mail: info@rkw-bw.de; Internet: <http://www.rkw-bw.de>

BWHM Beratungs- und Wirtschaftsförderungsgesellschaft für Handwerk und Mittelstand mbH; telephone: +49 711 263709-0; e-mail: info@handwerk-bw.de; Internet: <http://www.handwerk-bw.de>

Gesellschaft für Beratungen und Beteiligungen mbH (GfBB); telephone: +49 721 133-7330; e-mail: info@wirtschaftsstiftung.de; Internet: <http://www.gfbb-ka.de>

Steinbeis-Beratungszentrum Unternehmenscoaching; telephone: +49 711 1839-5; e-mail: stw@stw.de; Internet: <http://www.stw.de/transfer>

Senioren helfen Junioren Baden Württemberg e.V.; www.shj-beratung.de

Representatives of the contact organization Women and Jobs; Internet: www.frauundberuf-bw.de

Further contacts

- Economic-development officials in local governments
- Regional economic development officials in counties and regional economic development initiatives
- Representatives of trade organizations
- Representatives of other initiatives

According to a study by the Institute for Applied Economic Research, approximately 1,200 surveyed employers in Baden-Württemberg give the business location above-average marks on 12 business-location factors (proximity to customers, price levels for energy/water, municipal taxes, price levels of commercial premises, office/store rents, regional wage levels, proximity to research/technology centers, the working relationship with government officials, national transport links, proximity to suppliers, availability of commercial premises, quality of available specialists and attractiveness for employees): A comparison with data from western Germany shows that Baden-Württemberg received slightly above-average ratings (from 0.1 to 0.3 rating point higher) for nearly all business-location factors. Baden-Württemberg companies rated the factor of proximity to the customer particularly high. Other above-average rankings for the state included attractiveness for employees and the municipal tax level (both ranked second) as well as proximity to research/technology centers and the price level for energy/water (each ranked third).

Business startups and company succession

A critical factor for the state's economy is the continuous renewal of the business population. Aid to business startups and assistance with company succession help keep the economy of Baden-Württemberg flexible and dynamic. In the conceptual and financial support provided by the Initiative for Business Startups and Company Succession (ifex) in the Baden-Württemberg Ministry of Economics, the state has developed a diversified range of information, qualification and consultation programs. Numerous trade associations, economic-development groups and private initiatives have contributed innovative ideas to this new business-startup culture. They complement the core offerings of the chambers and support banks, and generally have a regional, sector or target-group focus.

The 12 chambers of industry and commerce and the eight chambers of trade crafts play a critically important role as initial points of contact. Thanks to their comprehensive range of business-startup services, all chambers in Baden-Württemberg serve as one-stop shops. This means that as many steps as possible related to a business startup can be completed in one place. Added to this is comprehensive information, consultation and qualification assistance.

Another major challenge the state must face is the changing of the generational guard at companies. In the next five years, company succession will become an issue at about 45,000 to 60,000 companies in Baden-Württemberg that employ around 600,000 people. More and more frequently, the successor must be found outside the family. Between 1997 and 2002, about three-fourths of successors came from the family that owned companies. New studies show that the figure is now about 40 percent.

Working with business organizations and business-development groups, the state government has created a 12-point program on the issue of company succession. Special focuses of the program are:

- Information, qualification and consulting assistance for people who are giving up or taking over a company as well as company-successor moderators at the chambers. The Baden-Württemberg Ministry of Economics supports these activities with funds from the European Social Fund.
- Loan programs and improved conditions for loan-guarantee assumption and investments.

Coaching: The state provides financial aid for company transfers by providing a self-employed coach.

Master's degree program: Pforzheim University offers intensive, work-study courses for people from the business owners' families who will be taking over companies and external managers.

Financing assistance: The lending programs of the L-Bank, reduced interest rates offered by "startup and growth financing" and a liquidity-support program for short-term financial needs are also available (see chapter 5.2 page 52 ff.). The investment programs of MBG should be mentioned as well.

Loan guarantees: Bürgschaftsbank Baden-Württemberg and the L-Bank provide loan guarantees when companies are taken over to increase the willingness of the co-lending bank to provide financing and guarantee a financing reserve for unexpected investments following the takeover (see chapter 5.2 page 52 ff.).

Participations: Through the supply of external equity offered by such options as silent or open participations or variations of mezzanine financing, the entire financing package is secured (see chapter 5.2 page 52 ff.).

Tax policies: Baden-Württemberg supports a tax reform that addresses the needs of small and mid-sized companies and a reform of the inheritance tax.

In addition, the contact organization Women and Jobs provides support for women who are starting their own companies or are already running them.

Company assistance and support programs

The Baden-Württemberg Ministry of Economics is the central point of contact for all questions regarding economic development for individual companies. The ministry coordinates the economic support programs available to a broad range of areas and topics. The financial support programs are managed by the L-Bank, Bürgschaftsbank and mbg Mittelständische Beteiligungsgesellschaft Baden-

Points of contact for business support:

Baden-Württemberg Ministry of Economics;
telephone: +49 711 123-0;
e-mail: poststelle@wm.bwl.de

Steinbeis Consulting Center for Business Coaching;
Steinbeis Foundation for Economic Development;
telephone: +49 711 1839-5; e-mail: stw@stw.de;
Internet: <http://www.stw.de/transfer>

RKW Baden-Württemberg GmbH;
telephone: +49 711 22998-0;
e-mail: info@rkw-bw.de;
Internet: <http://www.rkw-bw.de>

L-Bank; telephone: +49 711 122-2345; e-mail:
wirtschaft@l-bank.de; Internet: <http://www.l-bank.de>
(see Chapter "Support programs" on page 52 ff.)

Bürgschaftsbank Baden-Württemberg GmbH;
telephone: +49 711 1645-6;
e-mail: info@buergschaftsbank.de;
Internet: <http://www.buergschaftsbank.de>

Further contacts:

- Economic-development officials in local governments
- Regional economic-development officials in counties and regional economic development initiatives
- Representatives of chambers of industry and commerce
- Representatives of chambers of trade crafts
- Representatives of government agencies
- Representatives of trade organizations
- Representatives of other initiatives
- Representatives of the contact organization Women and Jobs

Württemberg. Support organizations are responsible for a variety of other aid instruments. The following overview provides a key-word listing of the entire service area "support programs" offered by the Baden-Württemberg Ministry of Economics: general support programs, foreign trade, construction and homes, occupational training, historical-preservation support, services economy, energy, business startups and company succession, innovation and technology, regional development, restoration and development as well as tourism. The Ministry of Economics provides consultative assistance regarding all specific cases to companies and investors. For cross-ministry issues, the Ministry of Economics coordinates the work among the ministries involved in the work.

Conceptual consultative assistance is also provided to existing companies for all commercial, financial, technical and organizational issues. The adjustments that tradespeople,

small and mid-sized industrial companies and service providers need to make to address new competitive parameters are supported as well. Consultative assistance and coaching are also provided for special topics, including company succession, company transfer, environmental consultation, EU consultation, export consultation, innovation, demographic change and reduced energy consumption.



Points of contact for vocational training and professional development:

Working Group for Advanced Training with 13 regional offices; Internet: www.fortbildung-bw.de

Baden-Württemberg Ministry of Economics, Departments of Vocational Training and Advanced Training; telephone: +49 711 123-0; e-mail: poststelle@wm.bwl.de; Internet: www.wm.baden-wuerttemberg.de

Further contacts:

- Representatives of chambers of industry and commerce
- Representatives of chambers of trade crafts
- Representatives of government employment
- Representatives of trade organizations
- Representatives of the contact organization Women and Jobs

Vocational and advanced training

Baden-Württemberg has about 425,000 small and mid-sized enterprises (SMEs). They provide 63 percent of all jobs that contribute to Germany's social services system and 80 percent of all apprenticeships. The modernization of inter-company vocational-training centers, the modification of financial assistance rates in the area of intercompany vocational training and other measures introduced in a drive to fight a shortage of skilled employees ensure that companies in Baden-Württemberg have long-term access to qualified workers. To assist small companies that cannot provide occupational training on their own, the Baden-Württemberg Ministry of Economics supports vocational training in alliances.

A key role is played by associations of advanced vocational training. These are alliances of providers of advanced vocational training in all cities and counties in Baden-Württemberg. With their more than 1,200 training facilities, they form a statewide network. They consider themselves to be a quality-promoting organization and are supported by the Baden-Württemberg Ministry of Economics.

The associations provide information about regional advanced-training courses and offer assistance at conferences

on advanced training. The courses offered by the members of the associations can be accessed from the online course database on the Internet portal www.fortbildung-bw.de. The associations also have 13 regional offices for advanced occupational training. They help the associations provide information about advanced-training opportunities in a region and promote advanced occupational training. A regional office is usually responsible for the sector of several associations. The regional offices:

- create a climate that is supportive of advanced training in the regions
- promote advanced-training activities
- organize public campaigns conducted by the associations
- support regional initiatives and networks
- conduct analyses of qualifications needs and apply the results
- prepare cross-organizational training for advanced-training facilities and then implement them

The program "Sponsorship of the Regional Offices of Associations of Advanced Vocational Training" is financed with funds from the Baden-Württemberg Ministry of Economics and the European Social Fund.

The contact organization Women and Jobs provides special and individual assistance to women, including those re-entering the workforce, regarding all issues related to vocational and advanced training.



Points of contact for innovation:

Stuttgart Regional Council – Information Center Patents; telephone: + 49 711 123-2546; e-mail: info@patente-stuttgart.de; Internet: <http://www.patente-stuttgart.de>

Baden-Württemberg Ministry of Economics, Department of Innovation and Technology Transfer; telephone: +49 711 123-2419; e-mail: poststelle@wm.bwl.de; Internet: <http://wm.baden-wuerttemberg.de>

For life sciences: BIOPRO Baden-Württemberg GmbH; telephone: +49 711 21818500; e-mail: info@bio-pro.de; Internet: <http://www.bio-pro.de>

Further contacts:

- Representatives of chambers of industry and commerce
- Representatives of chambers of trade crafts
- Economic-development officials in local governments
- Regional economic-development officials in counties and regional economic development initiatives
- Representatives of statewide network organizations and regional clusters

Innovation

The economy of Baden-Württemberg can remain successful in world markets only by offering technologically advanced products, processes and services. The basis of competitive edges is constant innovation and its successful application. Such work requires a significant amount of research and development effort. The guiding principle is to transform technological knowledge effectively and as quickly as possible into new, marketable solutions. The Information Center Patents in the Stuttgart Regional Council provides assistance with all patent-related issues.

The approach to technology in Baden-Württemberg is characterized by a close, years-long working relationship among the scientific community, business and political leaders. Innovations are created by these partners in a networked process. The necessary requirement for such work is a culture of innovation that improves companies' innovativeness and their inventive disposition, expands people's interest in technology and helps break down barriers to innovation. An example of this approach is BIOPRO. To promote biotechnology, the state government of Baden-Württemberg established BIOPRO Baden-Württemberg GmbH as a wholly state-owned company at the end of 2002. As a statewide innovation company, its mission is to provide targeted support to research institutions and companies in the biotechnology and life-sciences sector and to advance biotechnology as an innovative interdisciplinary technology.

One requirement for innovation is highly capable research organizations and institutions that, acting as technology sources, develop new transferrable knowledge for and with the business community. For this reason, one of the state's central responsibilities is to maintain the business-focused research organizations in the state and to promote a functioning technology transfer, particularly to small and mid-sized companies.

An overview of business-focused non-university research organizations in Baden-Württemberg is available on the Web site of Ministry of Economics (<http://www.wm.baden-wuerttemberg.de/wirtschaftsnahe-forschungseinrichtungen/63670.html>). From here, the Web sites of the respective institutions can be accessed.

It is not only the increasing complexity of technical solutions, but also the general realization of being stronger and more efficient together that requires an intensification of research partnerships, including those within the framework alliance-driven research or the formation of centers of expertise among institutions of higher learning, research organizations and companies. This extends all the way to technology- and sector-focused clusters with partners along the entire value chain. In this area, economic-development officials in the state's counties and in the regional economic-development initiatives act as consultants for companies, entrepreneurs starting their own businesses and investors.

The Steinbeis Europe Center primarily helps small and mid-sized companies gain access to research and technology programs offered by the European Union, assists the search for partners and is a point of contact for all questions regarding European technology transfers. The Steinbeis Europe Center is also a consortium partner of the network "Enterprise Europe Network Baden-Württemberg" (see page 51).



Points of contact for energy & the environment:

Baden-Württemberg Ministry of Economics, Department of Energy and Residential Housing;
telephone: +49 711 123-0;
e-mail: poststelle@wm.bwl.de;
Internet: <http://www.wm.baden-wuerttemberg.de>

Baden-Württemberg Ministry of Economics – Information Center Energy; telephone: +49 711 123-0;
e-mail: poststelle@wm.bwl.de;
Internet: <http://www.wm.baden-wuerttemberg.de/informationszentrum-energie/63806.html>

Baden-Württemberg Ministry of Economics – Information Center for Operational Environmental Protection;
telephone: +49 711 123-0;
E-Mail: poststelle@wm.bwl.de;
Internet: <http://www.umweltschutz-bw.de>

Baden-Württemberg Environmental Ministry;
telephone: +49 711 126-0;
e-mail: poststelle@um.bwl.de;
Internet: <http://www.um.baden-wuerttemberg.de>

KEA Klimaschutz- und Energieagentur Baden-Württemberg GmbH; telephone: +49 721 98471-0;
e-mail: info@kea-bw.de; Internet: <http://www.keabw.de>

Baden-Württemberg Agency for the Environment, Measurement and Nature Conversation;
telephone: +49 721 98471-0; e-mail: info@lubw-bwl.de;
Internet: <http://www.lubw.baden-wuerttemberg.de>

Further contacts:

- Economic-development officials in local governments
- Regional economic-development officials in counties and regional economic development initiatives
- Representatives of chambers of industry and commerce
- Representatives of chambers of trade crafts
- Representatives of government agencies
- Representatives of trade organizations
- Representatives of other initiatives

Energy & the environment

Energy: A modern economy and society can properly function only if they have a sufficient supply of energy. Energy should also be reasonably priced to prevent the economy and private consumers from being put at a disadvantage. The emission of pollutants and environmental damage associated with the use of energy must be kept to an acceptable level. Thus, the provision of energy should be secure, reasonably priced and environmentally compatible. These framework goals, however, can never be completely achieved at the same time. Conflicts among these goals are part of the system:

- A very secure supply of energy is expensive; a tightly linked grid in which power outages can largely be avoided hurts the environment.
- Low energy prices help the economy, but restrict the financial freedom of energy providers, a development that forces them to cut back on investments in safety and environmental protection.
- Environmental-protection measures cost money.

Experience has shown that optimal energy supplies can be achieved only by having a balanced energy mix. The energy supplies of Baden-Württemberg are based on such a mix. The aim of the state government's energy policies is to maintain this energy mix. The state government believes that all available sources of energy must be used in the future.

In addition to fossil fuels, the use of nuclear energy is considered to be essential as long as this is acceptable in economic and safety terms. At the same time, the use of renewable energies should be further expanded. The goal of protecting the environment and promoting sustainable growth can be achieved only if efforts to rationally and efficiently use energy are continued and strengthened in addition to the expanded use of renewable energies. In these terms, the Ministry of Economics considers the strong support of research and development in this area to be a critical task.

Deregulated and liberalized energy markets form a good basis for reasonably priced energy supplies and the economically optimal use of energy sources. But the process of liberalization and standardization of the markets – particularly on the European and international levels – is hardly finished. EU market-opening directives have been introduced to different extents by individual member countries. For this reason, one primary goal of future energy policies must be to move this process forward. The Ministry of Economics answers questions about energy and the environment posed by companies and investors.

Environmental protection at companies: The state employs a number of tools to support the development, marketing and acquisition of environmental technology. For instance, small and mid-sized companies are eligible for funding provided by

the financing directive of the European Regional Development Fund on environmental technology. The funding is provided to business-related research and development carried out by partnerships between companies or between companies and research organizations in the areas of renewable energies; renewable raw materials that do not compete with the production of foods; environmentally conscious substances that can serve as substitutes for materials that damage the environment or are in limited supply; energy- and material-conserving technologies; and intelligent, resource-conserving control systems.

The Environmental Ministry regularly recognizes innovative environmental technologies with the "Baden-Württemberg Environmental Technology Award". Every two years, the ministry also presents the "Environmental Award for Companies" to honor entrepreneurial efforts that make a critical and exemplary contribution to protecting and conserving the environment. The point of contact for these support programs is the Baden-Württemberg Environmental Ministry. Small and mid-sized companies seeking to make environmental-protection investments are eligible for low interest-rate loans from the L-Bank.

The state government also supports research and development of environmental technology by providing funding to university and non-university organizations, including the Fraunhofer Institute for Chemical Technology, the Institute for Interfacial Engineering and Biotechnology and the Institute for Solar Energy Systems as well as the Renewable Energy Research Association. In terms of marketing support, the international market-exploitation program of the Baden-Württemberg International – Gesellschaft für internationale wirtschaftliche und wissenschaftliche Zusammenarbeit mbH is available. It assists activities that focus on the environment. The point of contact for these support programs and activities is the Baden-Württemberg Ministry of Economics.

The ministry uses its Information Center for Commercial Environmental Protection to keep small and mid-sized companies abreast of current issues and legal regulations. One focal point is new production processes that make both economic and environmental sense. Working with sector trade associations, the center maintains the Internet platform www.umweltschutz-bw.de. The platform contains information for the following 12 sectors: metal working, electroplating businesses, cabinetmakers, motor-vehicle businesses, motor-vehicle paint shops, painters, plasterers, printing and paper processing, carpenters, building cleaners, bakers and pastry chefs. The platform is regularly updated. The range of information is complemented by news reports and listings of environmental-related events. The center organizes sector-specific environmental seminars and events that provide information about new legal requirements and their implementation, offer an overview of the latest technology related to environmentally conscious materials and processes as well as highlight the cost-saving potential of environmental-protection steps and sustainable actions.



Points of contact for foreign-trade questions:

Baden-Württemberg Ministry of Economics,
Department of Economic Principles and Foreign Trade;
telephone: + 49 711 123-2096;
e-mail: poststelle@wm.bwl.de;
Internet: <http://www.wm.baden-wuerttemberg.de/>

Baden-Württemberg International – Gesellschaft für
internationale wirtschaftliche und wissenschaftliche
Zusammenarbeit mbH (bw-i);
telephone: +49 711 22787-0; e-mail: info@bw-i.de;
Internet: <http://www.bw-i.de/>

Steinbeis Europe Center;
telephone: +49 711 1234010;
e-mail: info@steinbeis-europa.de
Internet: <http://www.steinbeis-europa.de>

Further contacts:

- Economic-development officials in local governments
- Regional economic-development officials in counties and regional economic development initiatives
- Representatives of chambers of industry and commerce
- Representatives of chambers of trade crafts
- Representatives of government agencies
- Representatives of trade organizations
- Representatives of other initiatives

Foreign-trade questions

Within the context of a new foreign-trade initiative, the export of Baden-Württemberg products made by and services offered by small and mid-sized companies is being further promoted. As an export-focused state, Baden-Württemberg profits from the European Union. The state conducts about three-fifths of its foreign trade with member countries of the EU. In addition to the Ministry of Economics, Baden-Württemberg International – Gesellschaft für internationale wirtschaftliche und wissenschaftliche Zusammenarbeit (bw-i) is the most important point of contact for companies seeking answers to foreign-trade questions (see Chapter "Business-location questions" page 45).

To help small and mid-size companies in particular, the European Commission has set up the Enterprise Europe Network. In Baden-Württemberg, it consists of 10 partners. The Handwerk International for Baden-Württemberg Chambers of Trade Crafts acts as the consortium leader of the network. The partners include the Baden-Württemberg Ministry of Economics, the Steinbeis Europe Center, the Hochrhein-Bodensee Chamber of Industry and Commerce, the Stuttgart Region Chamber of Industry and Commerce, the Reutlingen Chamber

of Industry and Commerce, the Rhine-Neckar Chamber of Industry and Commerce, the Schwarzwald-Baar-Heuberg Chamber of Industry and Commerce, the Südlicher Oberrhein Chamber of Industry and Commerce, and the Ulm Chamber of Industry and Commerce. With the Enterprise Europe Network, the successful work of the former 3 Euro Info Centres (Lahr, Mannheim, Stuttgart) and the Innovation Relay Centre (Steinbeis Europe Center) is being continued and bundled. The focal point of this consulting assistance is primarily small and mid-sized companies from industry, retail, services and trades as well as institutions of higher learning and research organizations in Baden-Württemberg. The consulting network provides a range of services, including:

- Information and advice to companies and organizations about internationalization
- Advice about EU support programs and financial assistance, particularly in the area of innovative products, services and know-how
- Support of partnerships and network creation by small and mid-sized companies, institutions of higher learning and research organizations with European and international partners
- Exchange of information and feedback between the European Commission, companies, institutions of higher learning and research organizations.



Points of contact for legal questions:

BDS – Bund der Selbständigen, Landesverband Baden-Württemberg e.V.; telephone: +49 711 954668-0; e-mail: info@bds-bw.de; Internet: <http://www.bds-bw.de>

Handwerk International Baden-Württemberg;
telephone: +49 711 1657-280;
e-mail: info@handwerk-international.de;
Internet: <http://www.handwerk-international.de>

Baden-Württembergische Handwerkstag e.V.;
telephone: + 49 711 263709-100;
e-mail: info@handwerk-bw.de;
Internet: <http://www.handwerk-bw.de>

Baden-Württemberg Association of Chambers of Industry and Commerce; telephone: +49 711 22550060,
e-mail: info@bw.ihk.de; Internet: <http://www.bw.ihk.de>

Further contacts:

- Economic-development officials in local governments
- Regional economic-development officials in counties and regional economic development initiatives
- Representatives of chambers of industry and commerce
- Representatives of chambers of trade crafts
- Representatives of government agencies
- Representatives of trade organizations
- Representatives of other initiatives

Legal issues

In a market economy, the state also influences the economic behavior of its citizens and institutions. The reasons include aversion of threats, security and warranty responsibilities, the prevention of abuses, consumer protection as well as financial support and management of the economy. The legal instruments and the intensity of intercession in economic processes are based on the particular commercial sector or legal area. Generally speaking, intercession by the state is permitted only to the extent provided for by a statute or on the basis of a statute.

Special governmental monitoring is required primarily for a variety of commercial undertakings whose operations are in the public interest and to which a responsibility for the common good or other legally protected interests is assigned. This monitoring is frequently described as oversight or economic oversight. Its primary responsibility is to oversee individual commercial sectors and ensure compliance with applicable legal regulations. As a result of this legal framework and the oversight function of the state, it is necessary for companies, entrepreneurs starting businesses and investors to receive professional advice regarding their rights and obligations. Chambers and other business-related institutions offer advice and service to interested parties.



Points of contact for specific sector questions:

- Economic-development officials in local governments
- Regional economic-development officials in counties and regional economic development initiatives
- Representatives of chambers of industry and commerce
- Representatives of chambers of trade crafts
- Representatives of government agencies
- Representatives of trade organizations
- Representatives of other initiatives

Specific sector questions

The economic structure of Baden-Württemberg is strongly characterized by industrial production. One of its special features is a mix of major corporations and a broad spectrum of small and mid-sized companies. Research and development-intensive industrial sectors are an above-average priority in Baden-Württemberg. These include vehicle manufacturing, mechanical engineering, electrical engineering and the chemical industry. These sectors also have the biggest future potential.

Business-related research organizations have been established in the state to provide targeted support to companies,

particularly small and mid-sized companies. They are important research-and-development partners for companies and frequently form a bridge between fundamental research and company innovations. They also play a central role in clusters, networks and expertise centers. The Ministry of Economics in Stuttgart acts as the first and central point of contact for companies from various sectors. It directs companies to other sources of information and support in a variety of institutions and trade groups.

5.2 INVESTMENT-SUPPORT PROGRAMS

5.2.1 OVERVIEW

In cooperation with other state development banks, L-Bank offers numerous financial programs for companies that want to invest in Baden-Württemberg. The investment-support instruments include low-interest loans, subsidies, loan guarantees and equity capital. Working on the state's behalf, L-Bank subsidizes companies interested in activities involving such areas as environmental protection.

In its lending-based support programs, L-Bank is responsible for everything from business establishments to company acquisitions. As a risk partner of co-lending banks in conjunction with the Bürgschaftsbank Baden-Württemberg, it also supports medium-sized company financing. Mittelständische Beteiligungsgesellschaft Baden-Württemberg (MGB), another institution for small and medium-sized companies, complements these lending programs with equity capital in the form of silent participations. Working as a refinancing partner, the Kreditanstalt für Wiederaufbau (KfW), the German federal government's investment-support bank, extends the state's programs. These investment-support institutions cover the needs of new investors with their programs in the areas of company establishment as well as business acquisition and investment. The following on page 53 overview describes the various investment goals of the individual support programs.

For medium- and long-term financing, the L-Bank provides investors with Gründungs- und Wachstumsfinanzierung (GuW or business startup and growth financing) as a standard program as well as the specialized support instruments Entwicklungsprogramm Ländlicher Raum (ELR or rural development program) and regional and technology support programs. The L-Bank's liquidity assistance program is a flexible tool for short- and medium-term financing.

As an alternative or a supplement to debt financing, equity-type funds, or mezzanine financing, can be used. Three financing options in this area are: the L-Bank program L-MezzaFin, a silent participation by the MBG or a subordinated loan from ERP capital for business startups offered by KfW. Applications for all debt financing programs as well as the KfW's ERP startup capital program are made in


Type of investment	Medium- to long-term financing				Short- to medium-term financing			Equity-type financing			Equity	
	Rural development program (ELR)	Business startup and growth financing (GuW)	Regional support program	Technology support program	Liquidity assistance program	L-Mittelstand	L-Bank-Invest	Silent participation (MBG)	ERP capital for business startups (KfW)	L-MezzaFin	L-EA venture fund	L-EA small and mid-size company fund
Business startup	■	■	■	■				■	■		■	
Takeover/ stakeholding	■	■	■		■	■	■	■	■	■		■

the co-lending bank procedure. Here, the applicant does not go directly to the support institution, but approaches it through his or her co-lending bank. The co-lending bank handles the application process, concludes the necessary contracts and ensures that the investments are paid out. The application for a silent participation may be made either through the co-lending bank or directly at MBG.

5.2.2 MEDIUM- AND LONG-TERM FINANCING

The business-startup and growth-financing program is the key support instrument for medium- and long-term investment financing in Baden-Württemberg. Its two focal areas are: business startup and consolidation as well as loans to

small and medium-sized companies that may be sought depending on the age and size of the company to be supported. Investments in rural areas that are considered to be important from a structural-policy standpoint may receive particularly intense support in the form of subsidies or low-interest loans. In addition, support for investments that fulfill certain regional or technology criteria is available through regional and technology support programs. The loans described below usually consist of federal and state investment-support funds. In addition, certain areas are eligible for low-interest loans from EU funds.

 The Web sites of the support institutes:

L-Bank: www.l-bank.de

Bürgerschaftsbank Baden-Württemberg:

www.buergerschaftsbank.de

Mittelständische Beteiligungsgesellschaft

Baden-Württemberg: www.mbg.de

Kreditanstalt für Wiederaufbau (KfW):

www.kfw-mittelstandsbank.de

Home page of Newcome: www.newcome.de

Economic Ministry of Baden-Württemberg:

www.wm.baden-wuerttemberg.de

Acquisition: Change of ownership at a company through the purchase of business shares (share deal) or assets (asset deal) can be supported by several investment-promotion programs at the L-Bank as a form of business startup.

Active stakeholding: A type of business startup that is characterized by active business management in the assumption of management duties toward third parties. Such business participation presupposes the ability to influence business policy by exercising voting rights (at least 10 percent) at the annual general meeting.

Co-lending bank procedure: Applications for public investment loans can be made only through a co-lending bank. In its rating, the bank examines the economic viability of a project and evaluates the available collateral. If it is deemed to merit a loan, the co-lending bank passes the application to the L-Bank. The latter institution reviews the support criteria and, if a positive decision is made, makes a refinancing commitment to the co-lending bank. The co-lending bank concludes a loan contract with the customer, ensures that the loan is paid out and provides evidence of the correct use of the funds to the L-Bank once the investment project has been completed.

5.2.2.1 RURAL DEVELOPMENT PROGRAM (ELR)

This program provides the highest investment intensity of all programs to investments in rural areas of Baden-Württemberg that help create or protect local jobs. Aside from new business establishments, company takeovers, expansions and relocations of existing businesses may be eligible for support. The key precondition: The company must have fewer than 100 employees (in terms of the associated business group).

The investing company may choose between a subsidy and a long-term low-interest loan in the ELR program. The share of support varies from 10 percent to 20 percent, depending on the type of plan. The maximum subsidy totals €200,000.

Business establishment: Setup of an independent business through the establishment of a new company, the acquisition of an existing business or the purchase of an active stake in an existing company. The L-Bank's business-establishment support requires that the commercial or professional exercise of the self-employment and establishment of the primary business be carried out no later than three years after founding.

Small and medium-sized enterprises: The EU-wide definition of small and medium-sized companies by number of employees (fewer than 250), annual sales (a maximum of €50 million) or total assets (a maximum of €43 million).

Loan-guarantee program: Within the framework of their loan-guarantee program, Bürgschaftsbank Baden-Württemberg and L-Bank can assume a default guarantee of 50 percent to 80 percent of the loan total as a means of providing risk relief to co-lending banks for such projects as the financing of business startups and company acquisitions. The Bürgschaftsbank is responsible for new projects valued up to €1 million (up to €2 million for companies whose sales extend up to €15 million). The L-Bank is in charge of larger loan guarantees (projects valued at €1 million or €2 million to €5 million). The state of Baden-Württemberg handles loan guarantees exceeding €5 million. The application for the assumption of a loan guarantee is made through the co-lending bank.

The first point of contact in this process is the mayor's office of the community where the investment is being planned. The decision regarding the dispatching of operations is made by the state Ministry of Nutrition and Rural Areas. Once a positive decision about the dispatching of operations has been made, applications for subsidies or loans may be submitted to the co-lending bank or to the L-Bank.

Using the ELR combination loan, the subsidy or loan can be raised to 100 percent of the investment total, enabling the plan to be completely financed

To reinforce the co-lending banks' willingness to offer investment financing, L-Bank or Bürgschaftsbank Baden-Württemberg may issue additional loan guarantees.

5.2.2.2 BUSINESS STARTUP AND GROWTH FINANCING (GUW)

The program focus on business establishment and consolidation

This program offers financing for all common forms of business startups – business establishments, takeovers and active stakeholdings – as well as investment plans aimed at solidifying a business. Both natural persons such as company founders and ownership successors as well as companies – unincorporated and incorporated companies – may apply for this type of support. The eligibility criteria include:

- The company is a small or medium-sized enterprise in the sense of the EU definition.
- The company's establishment, acquisition or active stakeholding was made no longer than eight years ago.
- The investment location is in Baden-Württemberg.

If required, the investment plan may be financed fully through this program. Generally, the maximum loan amount is €2 million. The investment support is provided in the form of long-term low-interest loans with amortization-free years at the beginning. An additional interest-rate discount is available for innovative, technology-oriented investment plans.

The program focus of GuW loans for small and medium-sized companies

These loans are geared toward companies that have been in business for more than eight years. Eligible investment plans include the financing of investments, the acquisition of a company or active stakeholding. The interest discount on GuW loans for small and medium-sized enterprises is smaller than that of the business foundation and consolidation programs. Other eligibility criteria are:

- The company is a small and medium-sized enterprise in the sense of the EU definition.
- The investment location is in Baden-Württemberg.

If required, the investment plan may be financed completely with the GuW loan for small and medium-sized enterprises up to €5 million.

In cases of insufficient collateral, all variants of the GuW program allow for a combination of the loan with a loan

guarantee. Guarantees of the Bürgschaftsbank up to 50 percent can be applied for in conjunction with the GuW loan as part of a simplified process and offer unusually attractive conditions.

5.2.2.3 REGIONAL AND TECHNOLOGY SUPPORT

Regional support

The regional support program is geared toward companies that invest in defined, structurally weak regions of the state. Aside from business startups, business expansions and company takeovers may also be eligible for support on the condition that they help protect or create jobs. In the case of company acquisitions, the existing business must be facing closure. Other eligibility criteria are:

- The company is a small or medium-sized enterprise in the sense of the EU definition.
- The investment location is in a regional support area of Baden-Württemberg (see the list of areas at www.l-bank.de).

Only capital investments are eligible for support. The loan volume should not exceed 75 percent of the total financing requirement. As with the GuW program, long-term, low-interest loans with an initial amortization-free period are offered here. The additional eligibility criteria – regional limitation and job impact – are reflected in a higher interest-rate discount compared with GuW loans for small and medium-sized enterprises.

Loans from the regional support program may be combined with guarantees in cases of insufficient collateral.

Technology support

Investments in new, high-potential technologies are supported by an interest-rate discount that is higher than the discount on GuW loans for small and medium-sized enterprises. Eligibility criteria are:

- The company operates a manufacturing business that generally has no more than 300 employees.
- The company offers new, technologically advanced products or production processes.
- The investment location is in Baden-Württemberg.

Another important factor for the aid is that the investment plan poses technical risks for the company. The support loan is generally limited to 75 percent of the eligible costs. As in the GuW program, long-term, low-interest loans with initial amortization-free years are offered here.

In cases of insufficient collateral, the loan from the technology program may be combined with a loan guarantee.

5.2.3 SHORT- TO MEDIUM-TERM FINANCING

5.2.3.1 LIQUIDITY SUPPORT

The liquidity support program is especially interesting for investors who need short- to medium-term financing to acquire an existing company. In addition to the purchase price for the company or company shares, this support can be used to cover

Best practice: Schweizer Galvanotechnik GmbH & Co. KG: far-sighted investments

Schweizer Galvanotechnik GmbH & Co. KG was established in 1932 in Heilbronn. Alexander Schweizer, the owner and managing director, has been leading the company since 1996 and represents the third generation of the family who has played such a role. To increase the company's flexibility in all areas, he has been investing in numerous projects: in new production halls and warehouses, in various technical systems and in the construction of a co-generation unit and a rain-water cistern. Thanks to the expanded warehouse capacity, customer orders placed on short notice can also be processed. Variable workweeks and shift work make it possible to quickly adjust capacity to handle the orders on hand. Frequently, deliveries are made directly to the manufacturing department and, when necessary, the punctual delivery of components from other suppliers is coordinated. This service is highly regarded by the automotive industry. For this reason, Schweizer is thinking about the next step: In the future, an increasing number of complete modules are to be prepared and delivered directly to the assembly line.

Volksbank Heilbronn and the L-Bank worked together as partners on the financing, which drew on the support programs of the L-Bank and the Kreditanstalt für Wiederaufbau (KfW). With a loan provided by Gründungs- und Wachstumsfinanzierung (GuW or business startup and growth financing), the old production facility and the old office building were torn down and rebuilt. GuW offered favorable terms. During the first three years, the company does not have to make any loan repayments, enabling it to generate earnings from the investment that can be used to help repay the loan.

The conditions of the loans given to Schweizer Galvanotechnik also include partial releases from collateral requirements. The loans are then treated similarly to equity, which has a positive effect on the company's rating. When the economy began to fail in 2009, Schweizer did not put his plans on hold. As investments in the future, they were carried out as planned. His decision was backed up by an audit report issued in the summer of 2009. "The company is well positioned for the future and has taken every step to master today's difficult economic phase," the report said.

the cost of follow-up investments, equipment needs or settlements with long-time owners. The applicant must meet the following criteria:

- The enterprise is a commercial company or a self-employed business that generally has up to 500 employees.
- A sustainable overall business concept for the company is available.
- The investment location is in Baden-Württemberg.

Best Practice Hörgeräte-Forum: A good startup plan without equity

Even while he was working to become a master technician, the audiologist Manuel Pichler was preparing to start his own company. He talked to other people who had set up their own businesses and received advice from the Reutlingen Chamber of Trade Crafts. He systematically looked for a business site and planned to locate in a place where there was little competition. His choice was Spaichingen, a town of about 12,000 residents in southern Baden-Württemberg. He rented store space there even before he had earned his master technician certificate and had his financing in place. Using a pre-confirmation of his master technician certificate, he convinced a savings bank of the soundness of his startup plan.

Because the entrepreneur did not have his own funds to draw on, the financing was put together through the "Baden-Württemberg startup assistance program." This support program provides a low-interest loan from the L-Bank in combination with a loan guarantee from the Bürgschaftsbank Baden-Württemberg totaling 80 percent. Thanks to this program, entrepreneurs like Pichler who lack equity and collateral can obtain financing for their business plans. One critical aspect for the audiologist was that the startup help would finance up to 100 percent of the costs, that is, the entire investment would be covered by a loan. No repayments are required during the first two years in business. This approach gives new companies time to clear their initial business hurdles and gain stability. Pichler received his loan when he presented his master technician certificate to his primary bank. Four months later, he had renovated his store space on his own and opened his "Hörforum".

His concept has paid off since then: The Hörforum sells high-quality, custom-made hearing aids. Pichler offers his broad know-how, a pleasant atmosphere, extensive consultative assistance and many other services to his customers. His goal is to create long-term customer loyalty by offering individual, high-quality service. To convince future customers of his high quality, Pichler believes that continuous professional development and information about the latest innovations on the market are vital.

Under the liquidity support program, the investor obtains a low-interest investment loan that can finance up to 100 percent of the planned investment. The liquidity support is highly flexible. The period of the loans can be adjusted individually. In cases of insufficient collateral, the program option Li50, in which the loan is combined with a 50 percent guarantee, can provide further support. As part of a simplified process, a 50 percent loan guarantee from the Bürgschaftsbank will be applied for in combination with the liquidity-support loan.

5.2.3.2 L-BANK INVEST

For short- and medium-term investment financing, the program called L-Bank Invest offers loans with attractive terms. The loans are issued to commercial companies whose (group) sales generally do not exceed €500 million. The investment location must be in a rural area of Baden-Württemberg, that is, in communities with fewer than 50,000 residents (Stuttgart region: cities with fewer than 30,000 residents).

The program supports companies whose business activities contribute to the improvement of the economic structure and to the expansion and securing of jobs in rural regions. L-Bank Invest is a low-interest support loan that can be used to finance up to 100 percent of the supported initiative. The maximum amount is usually €10 million.

In cases of insufficient collateral, the L-Bank Invest loan may be combined with a loan guarantee.

5.2.3.3 L-MITTELSTAND

The support program L-Mittelstand (L-Small and Medium-Sized Enterprise) is a universal financing instrument used for short- and medium-term activities. The program's loans may be used for such actions as the acquisition of companies or the investment in companies. In addition to investments, debt restructuring and equipment purchases can be financed. The application process is especially easy. This program can respond quickly to funding requirements. In cases of insufficient collateral, the L-Mittelstand loan may be combined with a loan guarantee.

5.2.4 EQUITY FINANCING

5.2.4.1 L-EA VENTURE FONDS

The L-EA, the equity agency of the L-Bank, offers venture capital to new, innovative companies and assumes the entrepreneurial risk for a period of time. The volume of the fund totals €125 million. The investment focal points involved early-phase financing, particularly the startup of companies from universities and research institutes in the areas of biotechnology as well as information and com-

munication technology. The requirement for the investment is that the company has a clear concept with distinguishing characteristics, sustainable technological development, marketable products and a credible management team.

The L-EA invests in a company during the seed and startup phase. It involves an open investment in the company's nominal capital/capital stock. The initial investment generally totals €0.5 million to €2.5 million. The regional investment focal point is Baden-Württemberg.

5.2.4.2 L-EA SMALL AND MEDIUM-SIZED COMPANY FUND

The L-EA enables small and medium-sized companies to meet their additional capital needs through the L-EA Small and Medium-Sized Company Fund. The volume of the fund totals €250 million. The L-EA invests in established small and medium-sized companies of all sectors that have financing needs (equity increases, innovation/growth financing, organization of company succession, management buy-outs/buy-ins, spin-offs). The companies must have a strong market position, attractive growth and earnings potential, skilled managers, a clearly defined niche position and a focused overarching strategy.

The open investments are made generally with a co-investor, and the investment total starts at €2.5 million, mezzanine financing at a total of €1.5 million. The regional investment focal point is Baden-Württemberg.

Mezzanine financing: Financing forms such as profit-sharing certificates, silent participations and subordinated loans that contain elements of equity and debt capital. Many banks recognize mezzanine financing as equity, which can improve the equity ratio and rating of the company in question.

5.2.5 EQUITY-TYPE FINANCING (MEZZANINE FINANCING)

5.2.5.1 SILENT PARTICIPATION BY MITTELSTÄNDISCHE BETEILIGUNGSGESELLSCHAFT BADEN-WÜRTTEMBERG (MBG)

The MGB provides equity capital, typically in the form of silent participations, to investors for the establishment or takeover of a company or an active stakeholding in a business. In this way, the company's equity can be increased while eliminating the possibility that the capital provider will have decision-making authority over the company's business. The eligibility criteria for a silent participation holding are:

Best Practice Erbacher Härtetechnik GmbH: Growth with new technologies

Erbacher Härtetechnik GmbH processes more than 500 tons of steel every day: Through the application of heat, the surface is hardened and made durable. The customers of the contract heat-treatment business include well-known companies in metal construction, fastening components, vehicle manufacturing and mechanical engineering. The strong growth achieved by Erbacher Härtetechnik is closely linked to the use of innovative technologies. Another critical aspect is customer orientation. From the start, new technologies are analyzed in terms of their benefit to the customer.

Since its establishment in 1989, the company has always invested in the quality of its systems and processes. As a result, it was able to begin working in the automotive industry, among other things. In 2008, a further developmental step was taken with the investment in optimized furnaces and a new washing unit: The company can now perform so-called salt quenching in addition to oil-quenching processes. In addition to technical benefits, the company expected these investments to save energy and improve environmental protection. Erbacher Härtetechnik GmbH worked closely with its main bank to put together the financing package. The Ulm Savings Bank understood the requirements associated with the introduction of innovations: Even proven technologies frequently pose certain risks when they are integrated into company processes, and these risks are not always easy for the financing partner to assess. One result of these risks could be disruptions in operations during the implementation phase.

Erbacher was assisted by the technology-support program offered by the L-Bank. This program is available to small and mid-sized companies needing financing for production facilities, machinery and equipment. The key criterion for the assistance provided by the L-Bank is that these technologies represent a step in a new direction for the company. In making this requirement, the program complements the ERP innovation program of the KfW, which focuses on research and development. Major support projects are presented to the state government's officer for technology transfer, the Steinbeis Foundation, for consideration. The management of Erbacher Härtetechnik GmbH appreciated this opportunity to discuss this project in detail with experts before it was initiated. The experts' assessment assured the company that all risks had been identified and correctly evaluated.

- The company is a small or medium-sized enterprise in the sense of the EU definition.
- The investment location is in Baden-Württemberg.

The participation is made on equal terms, i.e., in the amount of the existing equity. The minimum and maximum limits for business establishment are €50,000 and €250,000, and for company successions €50,000 and €750,000. The silent participation is repaid at the nominal value after 10 years. Interest payments consist of a fixed and a profit-related rate. The silent participation does not participate in other increases in value beyond the profit-related interest payments. Loss sharing is limited to the case of insolvency.

5.2.5.2 ERP CAPITAL FOR BUSINESS ESTABLISHMENTS (KfW)

With its ERP capital for business establishments, KfW offers investors a subordinated loan for the financing of business startups (new businesses, takeovers, active stakeholdings) and investments within two years after the start of self-employment. The loan does not require any collateral on the part of the co-lending bank. Preconditions for this investment grant are a minimum equity investment of 15 percent and the fulfillment of the EU's definition of a small and medium-sized enterprise. The subordinated loan benefits from an interest discount during the first years as well as seven amortization-free initial years. The maximum amount per applicant is €500,000.

5.2.5.3 L-MEZZAFIN (L-BANK)

The L-Bank offers companies an equity-type financing option aimed at strengthening the equity position of small and medium-sized companies and self-employed proprietors with sales of €1 million to €50 million. Financing is available to all plans with a link to Baden-Württemberg and with a need for mid- and long-term financing, e.g., growth modernization, acquisition and company succession. Exceptions are restructuring and debt conversion.

The financing is provided in the form of a subordinated loan that the companies receive through the co-lending banks. The L-Bank indemnifies the co-lending bank for up to 100 percent for the subordinated loan. The amount of the indemnification clause is determined by the classification of the borrower in the creditworthiness ranking of the equitable interest-rate system. L-MezzaFin can be combined with other support programs.

5.2.6 ENVIRONMENTAL PROTECTION

The state of Baden-Württemberg is particularly interested in the issue of environmental protection. For this reason, activities undertaken in this area receive special support. Here are two examples of these support programs.

5.2.6.1 ENVIRONMENTAL-PROTECTION AND ENERGY-SAVING SUPPORT PROGRAM

The environmental-protection and energy-saving support program is designed to finance environmentally conscious investments. Thanks to this program, companies (small or medium-sized enterprises as defined by the EU Commission) can finance such things as new environmentally friendly, energy-saving facilities. The environmental loans provided by the L-Bank are well-suited for the energy-efficient renovation of company buildings or the use of renewable energy sources.

The Baden-Württemberg government approves the loans, drawn from funds provided by the state and the European Regional Development Fund (ERDF). The program's financing share totals up to 75 percent of the eligible costs. The minimum lending amount is €10,000. There is no upper limit.

Three combination products are offered in addition to the support loans:

- Risk relief of the co-lending bank through a combination of loans and a 60 percent loan guarantee from the Bürgschaftsbank (Umwelt60).
- Strengthening of the company's commercial equity through a combination of loans and silent participations by the MBG (Umweltplus).
- Support loans with 60 percent of risk relief in combination with a silent participation by the MGB (Umwelt60plus).

5.2.6.2 CLIMATE-PROTECTION PLUS SUPPORT PROGRAM

Today, climate protection is the focal point of forward-looking, sustainability-driven environmental policies. The aim of the state's long-range environmental policies is to sustainably and efficiently lower CO₂ emissions in Baden-Württemberg. In this effort, statewide climate-protection programs are closely integrated into the environmentally conscious activities of the German government and the EU.

To cut CO₂ emissions at the source, the Environmental Ministry of Baden-Württemberg issued in 2009 a new version of the "Climate-Protection Plus Program Baden-Württemberg" initiated in 2002. The program has two elements:

- General advisory program on energy efficiency and climate protection;
- General model project on environmental protection.

One particularly interesting feature is the energy-advisory program involving energy diagnoses of non-residential buildings. In this program, 50 percent of the consulting costs up to a maximum of €350 per workday are eligible for support for a maximum of five workdays by the external consultant in the general section of the program.

FINANCING-INFORMATION GROUPS FOR PEOPLE WHO ARE STARTING, ACQUIRING OR RUNNING BUSINESSES:

Acting as a state bank of Baden-Württemberg, L-Bank is the central point of contact for financing assistance available to startups, company succession and growth. For this purpose, it offers consultation meetings in its advisory centers in Stuttgart und Karlsruhe as well as consultation conferences in chambers of industry and commerce or in local chambers of trade crafts. You will find information about the latest dates and venues on the home page of the particular chamber. You can also obtain such information by phone. Potential participants must register for the chambers' information conferences.

Freiburg Chamber of Trade Crafts, Bismarckallee 6, 79098 Freiburg, <http://www.hwk-freiburg.de>, telephone: +49 761 21800-100

Heilbronn Chamber of Trade Crafts, Allee 76, 74072 Heilbronn, <http://www.hwk-heilbronn.de>, telephone: +49 7131 791-171

Karlsruhe Chamber of Trade Crafts, Friedrichsplatz 4-5, 76133 Karlsruhe, <http://www.hwk-karlsruhe.de>, telephone: +49 721 1600-166

Konstanz Chamber of Trade Crafts, Webersteig 3, 78462 Konstanz, <http://www.hwk-konstanz.de>, telephone: +49 7531 205-373

Mannheim Rhein-Neckar-Odenwald Chamber of Trade Crafts, B1, 1-2, 68159 Mannheim, <http://www.hwk-mannheim.de>, telephone: +49 621 18002-0

Reutlingen Chamber of Trade Crafts, Hindenburgstraße 58, 72762 Reutlingen, <http://www.hwk-reutlingen.de>, telephone: +49 7121 2412-131

Ulm Chamber of Trade Crafts, Syrlinstraße 38, 89073 Ulm, <http://www.hk-ulm.de>, telephone: +49 731 1425-351

Bodensee-Oberschwaben Chamber of Industry and Commerce, Lindenstraße 2, 88250 Weingarten, <http://www.weingarten.ihk.de>, telephone: +49 751 409-169

Heilbronn-Franken Chamber of Industry and Commerce, Ferdinand-Braun-Straße 20, 74074 Heilbronn, <http://www.heilbronn.ihk.de>, telephone: +49 7131 9677-112

Hochrhein-Bodensee Chamber of Industry and Commerce, Schützenstraße 8, 78462 Konstanz, <http://www.konstanz.ihk.de>, telephone: +49 7531 2860-135

Karlsruhe Chamber of Industry and Commerce, Lammstraße 13-17, 76133 Karlsruhe, <http://www.karlsruhe.ihk.de>, telephone: +49 721 174-138

Ostwürttemberg Chamber of Industry and Commerce, Ludwig-Erhard-Straße 1, 89520 Heidenheim, <http://www.ostwuerttemberg.ihk.de>, telephone: +49 7321 324-182

Stuttgart Region Chamber of Industry and Commerce, Jägerstraße 30, 70174 Stuttgart, <http://www.stuttgart.ihk24.de>, telephone: +49 711 2005-444: consulting appointments every Thursday; other appointment times in the district chambers in 71034 Böblingen, in 73728 Esslingen, in 72622 Nürtingen, in 73006 Göppingen, in 71332 Waiblingen and in 71636 Ludwigsburg

Reutlingen Chamber of Industry and Commerce, Hindenburgstraße 54, 72762 Reutlingen, <http://www.reutlingen.ihk.de>, telephone: +49 7121 201-125

Rhein-Neckar Chamber of Industry and Commerce, Hans-Böckler-Straße 4, 69115 Heidelberg, <http://www.rhein-neckar.ihk24.de>, telephone: +49 6221 9017-688

Schwarzwald-Baar-Heuberg Chamber of Industry and Commerce, Romäusring 4, 78050 Villingen-Schwenningen, <http://www.sbh-online.de>, telephone: +49 7721 922-121

Südlicher Oberrhein Chamber of Industry and Commerce, Schnewlinstraße 11-13, 79098 Freiburg, <http://www.suedlicher-oberrhein.ihk.de>, telephone: +49 761 3858-131

Ulm Chamber of Industry and Commerce, Olgastraße 97, 89073 Ulm, <http://www.ulm.ihk24.de>, telephone: +49 731 173-250

6. Contact addresses

**Wirtschaftsministerium Baden-Württemberg
(Baden-Württemberg Ministry of Economics)**

Theodor-Heuss-Str. 4

70174 Stuttgart

Germany

Telephone: +49 711 1230

Fax: +49 711 123 2126

E-mail: poststelle@wm.bwl.de

Internet: www.wm.baden-wuerttemberg.de

**Baden-Württemberg International Gesellschaft für
internationale wirtschaftliche und wissenschaftliche
Zusammenarbeit mbH (bw-i; Baden-Württemberg
International Agency for International Economic and
Scientific Cooperation)**

Willi-Bleicher-Str. 19

70174 Stuttgart

Germany

Telephone: +49 711 227870

Fax: +49 711 2278722

E-mail: info@bw-i.de

Internet: www.bw-i.de,

www.bw-invest.de

**Baden-Württembergischer
Handwerkstag (Baden-Württemberg
Association of Craftsmen)**

Heilbronner Str. 43,

70191 Stuttgart

Germany

Telephone: +49 711 2637090

Fax: +49 711 263709100

E-mail: info@handwerk-bw.de

Internet: www.handwerk-bw.de

**Baden-Württembergischer Industrie- und Handelstag,
Federführung Außenwirtschaft IHK-Region Stuttgart
(Baden-Württemberg Association of Industry and Com-
merce, Head of Foreign Trade of COC Region Stuttgart)**

Jägerstraße 40

70174 Stuttgart

Germany

Telephone: +49 711 22550060

Fax: +49 711 2005410

E-mail: info@bw.ihk.de

Internet: www.bw.ihk.de

**IHK Bodensee-Oberschwaben
(Chamber of Commerce Lake Constance-Upper Swabia)**

Lindenstr. 2

88250 Weingarten

Germany

Telephone: +49 751 4090

Fax: +49 751 409159

E-mail: info@weingarten.ihk.de

Internet: www.weingarten.ihk.de

**IHK Heilbronn-Franken
(Chamber of Commerce Heilbronn-Franken)**

Ferdinand-Braun-Str. 20

74074 Heilbronn

Germany

Telephone: +49 7131 96770

Fax: +49 7131 9677199

E-mail: info@heilbronn.ihk.de

Internet: www.heilbronn.ihk.de

**IHK Hochrhein-Bodensee
(Chamber of Commerce Upper Rhine-Lake Constance)**

Schützenstr. 8

78462 Konstanz

Germany

Telephone: +49 7531 2860100

Fax: +49 7531 2860165
 E-mail: info@konstanz.ihk.de
 Internet: www.konstanz.ihk.de

IHK Karlsruhe (Chamber of Commerce Karlsruhe)

Lammstr. 13–17
 76133 Karlsruhe
 Germany
 Telephone: +49 721 1740
 Fax: +49 721 174290
 E-mail: info@karlsruhe.ihk.de
 Internet: www.karlsruhe.ihk.de

**IHK Nordschwarzwald
 (Chamber of Commerce North Black Forest)**

Dr. Brandenburgstr. 6
 75173 Pforzheim
 Germany
 Telephone: +49 7231 2010
 Fax : +49 7231 201158
 E-mail : info@pforzheim.ihk.de
 Internet: www.nordschwarzwald.ihk24.de

**IHK Ostwürttemberg
 (Chamber of Commerce East Württemberg)**

Ludwig-Erhard-Str. 1
 89520 Heidenheim
 Germany
 Telephone: +49 7321 3240
 Fax: +49 7321 324169
 E-mail: zentrale@ostwuerttemberg.ihk.de
 Internet: www.ostwuerttemberg.ihk.de

**IHK Region Stuttgart
 (Chamber of Commerce Region Stuttgart)**

Jägerstr. 30
 70174 Stuttgart
 Germany
 Telephone: +49 711 20050
 Fax: +49 711 2005354
 E-mail: info@stuttgart.ihk.de
 Internet: www.stuttgart.ihk.de

**IHK Reutlingen
 (Chamber of Commerce Reutlingen)**

Hindenburgstr. 54
 72762 Reutlingen
 Germany
 Telephone: +49 7121 2010
 Fax: +49 7121 2014120
 E-mail: info@reutlingen.ihk.de
 Internet: www.reutlingen.ihk.de

IHK Rhein-Neckar (Chamber of Commerce Rhine-Neckar)

L 1, 2
 68161 Mannheim
 Germany
 Telephone: +49 621 170 90

Fax: +49 621 1709100
 E-mail: ihk@rhein-neckar.ihk24.de
 Internet: www.rhein-neckar.ihk24.de

**IHK Schwarzwald-Baar-Heuberg
 (Chamber of Commerce Black Forest-Baar-Heuberg)**

Romäusring 4
 78050 Villingen-Schwenningen
 Germany
 Telephone: +49 7721 9220
 Fax: +49 7721 922166
 E-mail: info@villingen-schwenningen.ihk.de
 Internet: www.schwarzwald-baar-heuberg.ihk.de

**HK Südlicher Oberrhein
 (Chamber of Commerce Southern Upper Rhine)**

Schnewlinstr. 11–13
 79098 Freiburg
 Germany
 Telephone: +49 761 38580
 Fax: +49 761 3858222
 E-mail: ihk@freiburg.ihk.de
 Internet: www.suedlicher-oberrhein.ihk.de

IHK Ulm (Chamber of Commerce Ulm)

Olgastr. 97–101
 89073 Ulm
 Germany
 Telephone: +49 731 1730
 Fax: +49 731 173173
 E-mail: info@ulm.ihk.de
 Internet: www.ulm.ihk.de

**Landesverband der Baden-Württembergischen
 Industrie e. V. (LVI)**

Gerhard-Koch-Straße 2–4
 73760 Ostfildern
 Germany
 Telephone: +49 711 32732500
 Fax: +49 711 32732569
 E-mail: info@lvi.de
 Internet: www.lvi.de

**Verband Deutscher Maschinen- und Anlagenbau e.V.
 (VDMA), Landesgruppe Baden-Württemberg
 (German Engineering Federation, State
 Association Baden-Württemberg)**

Hospitalstr. 8
 70174 Stuttgart
 Germany
 Telephone: +49 711 228010
 Fax: +49 711 2280124
 E-mail: bawue@vdma.org
 Internet: www.vdma.org

**Exportberatungsstelle Handwerk
Baden-Württemberg (Export Consulting Center for
Craftsmen Baden-Württemberg)**

Heilbronner Str. 43
70191 Stuttgart
Germany
Telephone: +49 711 16570
Fax: +49 711 1657222
E-mail: eic@hwk-stuttgart.de
Internet: www.hwk-stuttgart.de

**Euro Info Centre der IHK Südlicher Oberrhein
(Euro Info Centre of the COC Southern Upper Rhine)**

Lotzbeckstr. 31
77933 Lahr
Germany
Telephone: +49 7821 2703690
Fax: +49 7821 2703777
E-mail: eic@lr.freiburg.ihk.de
Internet: www.suedlicher-oberrhein.ihk.de

**Euro Info Centre (EIC) der IHK Rhein-Neckar
(Euro Info Centre of the COC Rhine-Neckar)**

L 1, 2
68161 Mannheim
Germany
Telephone: +49 621 1709227
Fax: +49 621 1709219
E-mail: eic@rhein-neckar.ihk24.de
Internet: www.rhein-neckar.ihk24.de

**Euro Info Centre (EIC) der Handwerkskammer Region
Stuttgart (Euro Info Centre of the Association of Craftsmen
Region Stuttgart)**

Heilbronner Str. 43
70191 Stuttgart
Germany
Telephone: +49 711 1657252
Fax: +49 711 1657300
E-mail: info@handwerk-international.de
Internet: www.handwerk-international.de

**L-Bank (Landeskreditbank Baden-Württemberg Förderbank;
L-Bank, State Development Bank Baden-Württemberg)**

Schlossplatz 10
76113 Karlsruhe
Germany
Telephone: +49 721 1500
Fax: +49 721 1501001

Börsenplatz 1
70174 Stuttgart
Germany
Telephone: +49 711 1220
Fax: +49 7 11 1222112
E-mail: info@l-bank.de
Internet: www.l-bank.de

Bürgerschaftsbank Baden-Württemberg GmbH

Werastr. 15-17
70182 Stuttgart
Germany
Telephone: +49 711 1 64 56
Fax: +49 711 1 64 57 77
E-mail: info@buergerschaftsbank.de
Internet: www.buergerschaftsbank.de

**MBG Mittelständische Beteiligungsgesellschaft
Baden-Württemberg GmbH**

Werastr. 15-17
70182 Stuttgart
Germany
Telephone: +49 711 16456
Fax: +49 711 1645777
E-mail: info@mbg.de
Internet: www.mbg.de

**Rationalisierungs- und Innovationszentrum der deutschen
Wirtschaft, Landesgruppe Baden-Württemberg
(The German Center for Productivity and Innovation,
State Group Baden-Württemberg)**

Königstr. 49
70173 Stuttgart
Germany
Telephone: +49 711 229980
Fax: +49 711 2299810
E-mail: info@rkw-bw.de
Internet: www.rkw-bw.de

**Steinbeis-Stiftung für Wirtschaftsförderung
(Steinbeis Foundation for Business Promotion)**

Willi-Bleicher-Str. 19
70174 Stuttgart
Germany
Telephone: +49 711 1839-5
Fax: +49 711 2261076
E-mail: stw@stw.de
Internet: www.stw.de

Biopro Baden-Württemberg GmbH

Breitscheidstr. 4
70174 Stuttgart
Germany
Telephone: +49 711 90715200
Fax: +49 711 90715202
E-mail: info@bio-pro.de
Internet: www.bio-pro.de

MFG Medien- und Filmgesellschaft Baden-Württemberg mbH

Breitscheidstr. 4
70174 Stuttgart
Germany
Telephone: +49 711 90715300
Fax: +49 711 90715350
E-mail: info@mfg.de
Internet: www.mfg.de

Points of contact:

L-Bank

Cordula Bräuninger
Schlossplatz 10
76113 Karlsruhe
Germany
Phone: +49 721 150-1255
Fax: +49 721 150-1002
Mail: cordula.braeuninger@l-bank.de

**F.A.Z.-Institut für Management-,
Markt- und Medieninformationen GmbH**

Dr. Guido Birkner
Mainzer Landstraße 199
60326 Frankfurt am Main
Germany
Phone: +49 69 7591-3251
Fax: +49 69 7591-1966
Mail: g.birkner@faz-institut.de

Imprint

Status: November 2009

Disclaimer: Although the information provided in this publication has been carefully researched and compiled, the editors and publishers take no responsibility for the correctness and completeness of the publication as well as any changes that may have occurred after publication.

© 2009 F.A.Z.-Institut für Management-, Markt- und Medieninformationen GmbH, Postfach 200163, 60605 Frankfurt am Main, Germany

L-Bank, Schlossplatz 10, 76113 Karlsruhe, Germany,
Börsenplatz 1, 70174 Stuttgart, Germany

All rights reserved, including the rights of photomechanical reproduction and storage on electronic media.

Editors: Dr. Guido Birkner, Jacqueline Preußner
Translation: William Pratt, Heidi Roecks
Design: Jung von Matt/Neckar
Layout: Nicole Bergmann
Printing: Boschen Offsetdruck GmbH, Frankfurt am Main

Baden-Württemberg has the commodity
that is most valuable in a crisis: Ideas.

Kindly supported by

 **L-BANK**
Staatsbank für Baden-Württemberg

When times are difficult you have to direct your focus back onto your main strengths. In Baden-Württemberg these are inventive spirit and drive. It is a place that is simply bubbling with ideas. No wonder the region is ranked No. 1 on the EU Innovation Index. L-Bank's support programmes contribute towards turning these even better ideas into good business. For more information go www.l-bank.de

