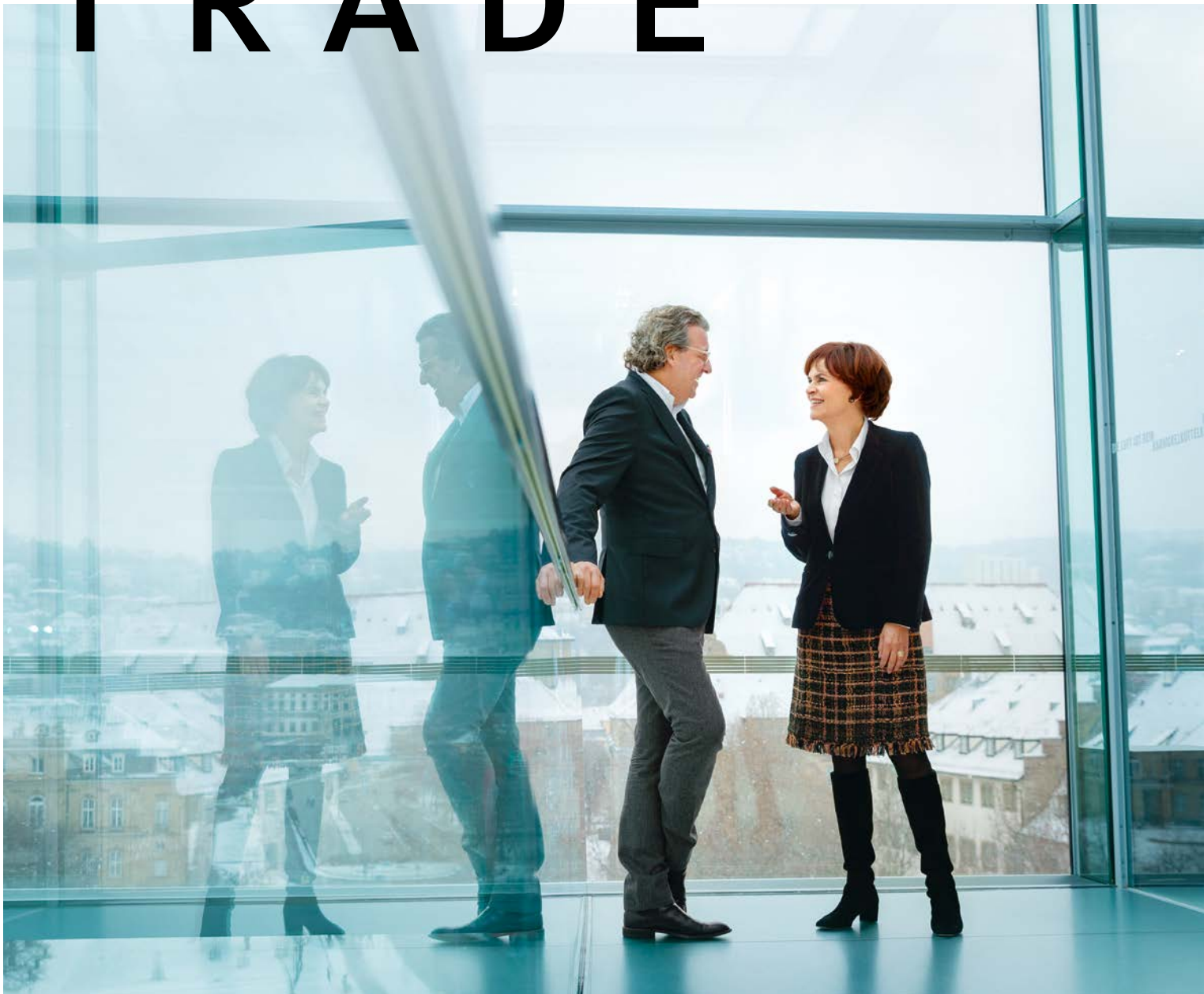
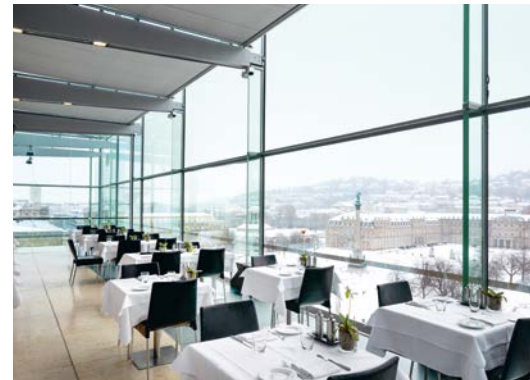


FREE TRADE



German automotive suppliers and mechanical engineering firms have long derived the majority of their revenue from foreign markets. However, crucial aspects for exporting companies like free trade and globalization are increasingly coming under pressure in many countries. Dr. Stefan Wolf, CEO of ElringKlinger, discusses how to respond to this trend with TRUMPF family entrepreneur Dr. Nicola Leibinger-Kammüller.

📍 – Stuttgart, Germany



The CUBE restaurant of the Stuttgart Art Museum was the venue for this interview.

ELRINGKLINGER GENERATES THREE-QUARTERS OF ITS REVENUE OUTSIDE GERMANY AND TRUMPF AS MUCH AS FOUR-FIFTHS. SO HOW IMPORTANT ARE YOUR ORIGINS TO YOU NOW?

LEIBINGER-KAMMÜLLER — Our headquarters in Ditzingen still form the nucleus of the TRUMPF Group. As a family-run company, we feel committed to both the local community and to Germany as an industrial location.

WOLF — We have a similar attitude. Even though we are now an exchange-listed company, we espouse the values of a family company. What's more, our entire unit responsible for fundamental R&D is based at our corporate headquarters in Dettingen/Erms – as part of our commitment to Germany and our origins.

LEIBINGER — For TRUMPF, too, our headquarters are also our most important development center worldwide, probably for the same reason as ElringKlinger. We have excellently trained staff here, not just engi-

neers and physicists, but also highly qualified professionals and technicians.

WOLF — That's right. Any successful globalization needs an anchor point or strong launch pad for developing its international sites. That process began for ElringKlinger back in the 1960s. It is also the right way to ensure our core values are put into practice at each of our locations abroad.

LEIBINGER — Respect for and fairness in dealing with one another are the values we seek to practice all over the world. We are guided by the Ten Commandments, even though that presents new challenges for us every day.

WOLF — For us, honesty and reliability are of crucial importance. That kind of culture is the only way for people to address problems openly and find shared solutions.

LEIBINGER — Reliability is extremely important, in crisis situations in particular. That applies to the

employer too. In the last great crisis of 2009, we didn't cut a single job – anywhere in the world.

WHAT ROLE DOES TECHNOLOGICAL EDGE HAVE IN INTERNATIONAL MARKETS?

WOLF — Technological edge is quite crucial in the competitive international marketplace. The entire process of globalization within the automotive sector wasn't cost but rather market-driven. The investment decisions of manufacturers who increasingly chose to shift their production abroad had a significant part to play in that trend. Their suppliers followed them, since they naturally wanted to be close to their customers. However, it is important to maintain Germany's position as a technology leader. We have to translate our success with the combustion engine into success with the drive systems of the future, i. e., batteries and fuel cells. Much more needs to be invested here in new technologies – and that includes the federal government.

LEIBINGER — But one-sided subsidizing doesn't work either, as is evident from the solar sector. I would just be happy if the government were to spare us some of the senseless bureaucracy. We have the necessary innovative strength to make technological advances ourselves. Just as in the past, when my father realized laser technology could become a threat

to classic metalworking; he made a tactical decision to ensure we had the best lasers to use on our tool machinery.

WOLF — It was a similar motivation that prompted us 20 years ago to start work on fuel cells and begin developing electric drives eleven years ago. Back then, we still generated 95 percent of our revenue with internal combustion engines. But that market will undergo a gradual decline from 2021/22 onwards. So we made a conscious decision to expand our portfolio at an early stage to include alternative drive systems and build up the necessary know-how. One example of this is bipolar plates for fuel cells, production of which is not fundamentally different to that of cylinder-head gaskets for internal combustion engines. Fuel cell technology has great potential, and we intend to help shape this market.

WHERE DO YOU CURRENTLY SEE THE MOST EXCITING MARKETS FOR YOUR COMPANY AND YOUR BRANCH OF INDUSTRY?

WOLF — For us, the focus is clearly on Asia. The vehicle markets in Europe and the United States are already saturated. The Chinese market is already well developed too and is currently in the process of regrouping. But other Asian markets like Malaysia, the Philippines, and Thailand offer considerable growth potential in some areas, to some extent

also due to the increasing emergence of a middle class there. In those countries, the car is a status symbol of newly acquired prosperity.

LEIBINGER — And wherever people are buying cars, you can expect microwave ovens and cash machines to be bought and sold too. Manufacturers of such appliances and machinery will have to process sheet metal – making them potential customers for us. So we also have the Asian markets in our sights. But Germany remains important to us too; it is still our biggest single market.

WE ARE EXPERIENCING AN INCREASING TREND TOWARDS POLITICAL AND ECONOMIC ISOLATION. HOW MUCH DOES THIS AFFECT YOU?

LEIBINGER — So far, our American business is going well, even though steel prices have risen slightly. We are more concerned at the moment about the United Kingdom, where we manufacture fiber lasers that are primarily exported to China. Some of the components required for our laser production come from abroad – and have been hoarded for months now.

WOLF — We, on the other hand, are significantly affected by US protectionism. As an example, we source steel produced in the United States for our cylinder-head gaskets, which we then process in Georgia.



» **P**rotectionism on the part of individual nations simply has no place in today's global economy. «

Dr. Stefan Wolf, CEO of ElringKlinger AG



» **W**e need a united Europe if we are to hold our own in international competition with America and China. «

Dr. Nicola Leibinger-Kammüller,
CEO of TRUMPF GmbH + Co. KG

But because the kind of raw materials needed to produce high-quality stainless steel are not available in the US and have to be imported from China, the associated customs duties have now led to a 25 percent increase in the price of steel. That is absurd! Protectionism simply has no place in today's global economy.

LEIBINGER — And it is not just about the prices. The barriers that form in people's minds are even worse than the economic repercussions of protectionism. We are incredibly lucky to have freedom of movement within Europe. That helps us maintain peace on the continent as well. And some would have us give all that up again? No matter what, we also urgently need a united Europe if we are to hold our own in international competition with America and China.

WOLF — It was and is the intention of the European Union that we all grow closer together. The common market and common currency were to be followed by political union. But, at the moment, we are heading in the wrong direction. If that doesn't change, we will be overtaken by the US on the left and by China

on the right. We have to make it clear to people that we can only preserve our prosperity in the globally competitive marketplace if we pull together in Europe rather than drift apart.

WHAT IS YOUR PERSONAL VISION OF GLOBALIZATION IN THE YEAR 2029?

LEIBINGER — I am hoping for a strong, reformed Europe, free trade worldwide, and open borders – plus technical solutions to effectively and sustainably combat climate change. As far as our company is concerned: TRUMPF will have grown considerably in 2029 and become much stronger in Asia.

WOLF — ElringKlinger will also have a stronger position in Asia by then. The transformation process in electric mobility will have made further strides. Efficient drive technologies and autonomous cars will have made the breakthrough in some parts of the world. In addition, digital connectivity will continue to change the world.

JOHANNES WINTERHAGEN LED THE CONVERSATION.

DR. PHIL. NICOLA LEIBINGER-KAMMÜLLER

Internationality is quite literally something Dr. Nicola Leibinger-Kammüller was born with. She came into the world in 1959 in Ohio, USA, when her father Berthold Leibinger had been living there for several years. Having completed degree courses in German, English, and Japanese studies, she joined the family company in 1985. In 2005, she took over as CEO of TRUMPF GmbH + Co. KG, the management company of the TRUMPF Group. As an entrepreneur, she is active not only in social and cultural organizations but also a member of several Supervisory Boards, including those of Siemens and Axel Springer.

