



● LOGISTICS HUB LUXEMBOURG,
PUTTING EUROPE AT YOUR FINGERTIPS



THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG
Ministry of the Economy



proud to promote | LOGISTICS



Logistics Hub Luxembourg, putting Europe at your fingertips

Global demand and production have led to increased logistical challenges around the world. The need for efficient, time- and cost-effective supply chain management has created new opportunities for integrated logistics providers.

Located in the heart of Europe, Luxembourg provides global companies with many strategic advantages for conducting successful business in Europe. The country's open and export-driven economy is fully integrated in the European Union (EU) Single Market. Luxembourg is thus an ideal gateway to the European market of more than 500 million consumers. Over the last decade, Luxembourg has continuously improved its positioning as an intercontinental and multimodal logistics hub in Europe for value-added

logistics activities. Furthermore, Luxembourg has implemented a multi-product specialisation strategy within its logistics sector by focusing on certain types of products requiring specific handling and/or storage solutions. In this respect, the Luxembourg logistics hub has been reinforced with notably the establishment of a dedicated handling centre for healthcare and pharmaceutical products and a highly secured Freeport for valuable goods (e.g. artworks, collectible items, fine wines) at the Luxembourg airport. Today, the objective for Luxembourg is to position itself within the international logistics sector, focusing particularly on value-added logistics activities.

What makes Luxembourg stand out is the fact that it combines a unique series of assets.

Ideal gateway to the European market

○ Airlinks to all continents

Luxembourg's international airport is one of the leading freight airports in Europe and is the home base for Cargolux, Europe's leading all-cargo carrier. The global network of Cargolux and other airfreight carriers (such as China Airlines, Silk Way West Airlines and Qatar Airways) as well as Panalpina's Controlled Air Freight Network out of Luxembourg, offer multiple destinations to all continents on a daily basis. Luxembourg's airport cargo centre, with its total capacity of 1 million tons of freight per year, offers high quality services. With its modern and well-equipped airfreight handling facilities, LuxairCARGO offers secure, efficient and fast ground handling, allowing for

jumbo widebody freighter aircrafts to be unloaded and customs cleared at a record speed. Trucks are then on the motorway network within a few minutes and able to reach any European city in less than 24 hours.

○ An extended gateway to major EU ports and Turkish hubs

Reliable, scheduled, combined rail connections are provided, by the sister companies CFL Cargo and CFL multimodal, to the North Sea, the Baltic Sea, the Mediterranean Sea, Turkey and other major EU hubs, thus making Luxembourg an extended gateway to the main European ports and Turkish hubs.

Located at the junction of major North-South and East-West railway and motorway corridors, Luxembourg offers easy and uncongested access to the European consumer market. 60 percent of the EU's GDP can be reached within just one trucking day from Luxembourg.

CFL multimodal manages the country's combined intermodal terminal (container terminal and rail motorway platform) which is located right next to the largest marshalling yard in the region. The company operates direct combined trains to Antwerp, Duisburg, Le Boulou, Lyon, Milan, Trieste and Turkey, offering efficient multimodal connections for containers as well as craneable and non-craneable trailers. In addition, CFL multimodal offers a complete range of logistics services such as warehousing, cross-docking and commissioning, freight forwarding (air, sea, rail and road), road logistics (FTL, LTL, groupage, distribution) as well as customs clearance. The company specialises in engineering customised logistics solutions.

With its rail motorway connection, Lorry-Rail provides innovative solutions for multimodal transportation modes. The company operates a rail motorway service for standard unaccompanied semi-trailers that connects Luxembourg to the South of France. This multimodal solution ensures the transportation of semi-trailers over a distance of more than 1,000 km. New routes through Europe are planned and will enhance the Lorry-Rail transportation modus.

Inland navigation is a further, competitive, efficient and eco-friendly transportation mode. Connected to rail and motorway, the river port of Mertert offers tri-modal waterway-oriented transport logistics to other inland and North Sea destinations (e.g. coaster shipping). It is used mainly for dispatching and receiving steel and iron, petrol products, construction materials, fertilisers, containers and heavy concrete elements.

Dedicated infrastructure and highly skilled people

○ Dedicated logistics parks

Two dedicated logistics parks (Eurohub Centre and Eurohub South) provide real estate solutions within easy reach of the airport, the multimodal (rail/road) terminal, the inland river port, and with direct access to major European motorways. Both parks are dedicated to value-added logistics activities.

○ Healthcare & Pharmaceuticals Centre

Handling of healthcare and pharmaceutical products requires particular attention. An increasing amount of regulations has brought an increasing need for reliable and efficient handling of temperature-sensitive cargo. In this respect, Luxembourg has already prepared itself with the establishment of a dedicated Healthcare & Pharmaceuticals Centre within the existing infrastructure of the airport's cargocentre. The new 3,000 m² centre offers two distinct temperature zones: 818 m² for 2°C to 8°C as well as 1,600 m² for 15°C to 25°C, 70 temperature-controlled ULD positions (2°C to 25°C) with permanent temperature monitoring. Thus, the airport's Healthcare

& Pharmaceuticals Handling Centre meets all requirements of the WHO, IATA and EU guidelines on Good Distribution Practice (GDP) of medicinal products for human use.

To further support this activity, Luxembourg has become the first airfreight gateway in the world to be fully GDP compliant, qualified and certified according to the latest WHO and EU GDP guidelines. Alongside the numerous Luxembourg-based logistics service providers who are fully GDP certified (e.g. Arthur Welter, DB Schenker, Expeditors, Kuehne+Nagel, Panalpina, SDV and Wallenborn), Cargolux and LuxairCARGO have also decided to go through this certification process, making them, respectively, the first cargo airline and the first airport handling agent in the world to become fully GDP certified.

○ Le FREEPORT Luxembourg

Located next to the airport's cargocentre, Le FREEPORT Luxembourg is a multi-service platform dedicated to the storage, handling and trading of valuable goods (e.g. artworks, fine wines, precious metals, collectible



items). Le FREEPORT Luxembourg offers storage facilities, strong rooms and safes of various sizes to store valuables in optimal security and preservation conditions.

Le FREEPORT Luxembourg is operated under the supervision of the customs administration and under a strictly defined tax and customs framework, which is compatible with international and EU legislation. Goods originating from non-EU countries imported into Le FREEPORT Luxembourg benefit from a suspension of VAT and customs duties. VAT and customs duties are collected at the applicable rate only at the final importation into the EU.

Goods can only be introduced into Le FREEPORT Luxembourg through specialised forwarders who are direct tenants of Le FREEPORT Luxembourg and who are licensed by the customs administration. All specialised and licensed forwarders operating within Le FREEPORT Luxembourg are required to keep detailed inventories documenting the movement and physical location of the goods. This system offers complete traceability of the goods entering, being stored and exiting Le FREEPORT Luxembourg.

○ **Highly skilled, multilingual workforce**

Cross-border thinking, mobility and the cosmopolitan nature of its workforce, of whom more than one third commutes each day from the three neighbouring countries, contribute to the high productivity of Luxembourg. In an effort to continuously develop the skills and talents needed, dedicated training programmes in logistics have been set up in Luxembourg.

○ **Cluster for Logistics Luxembourg**

In an increasingly competitive environment, it is important to continuously strengthen the competitiveness of the Luxembourg logistics sector. Therefore, the Cluster for Logistics Luxembourg offers a noteworthy exchange platform for all concerned actors (public and private) active in the field of logistics to discuss and coordinate their means and know-how. The shared goal is to strengthen Luxembourg's position as a major European logistics hub especially for value-added logistics services. The Cluster for Logistics initiatives and actions focus on improving professional tools and providing decision-makers with accurate information and advice.

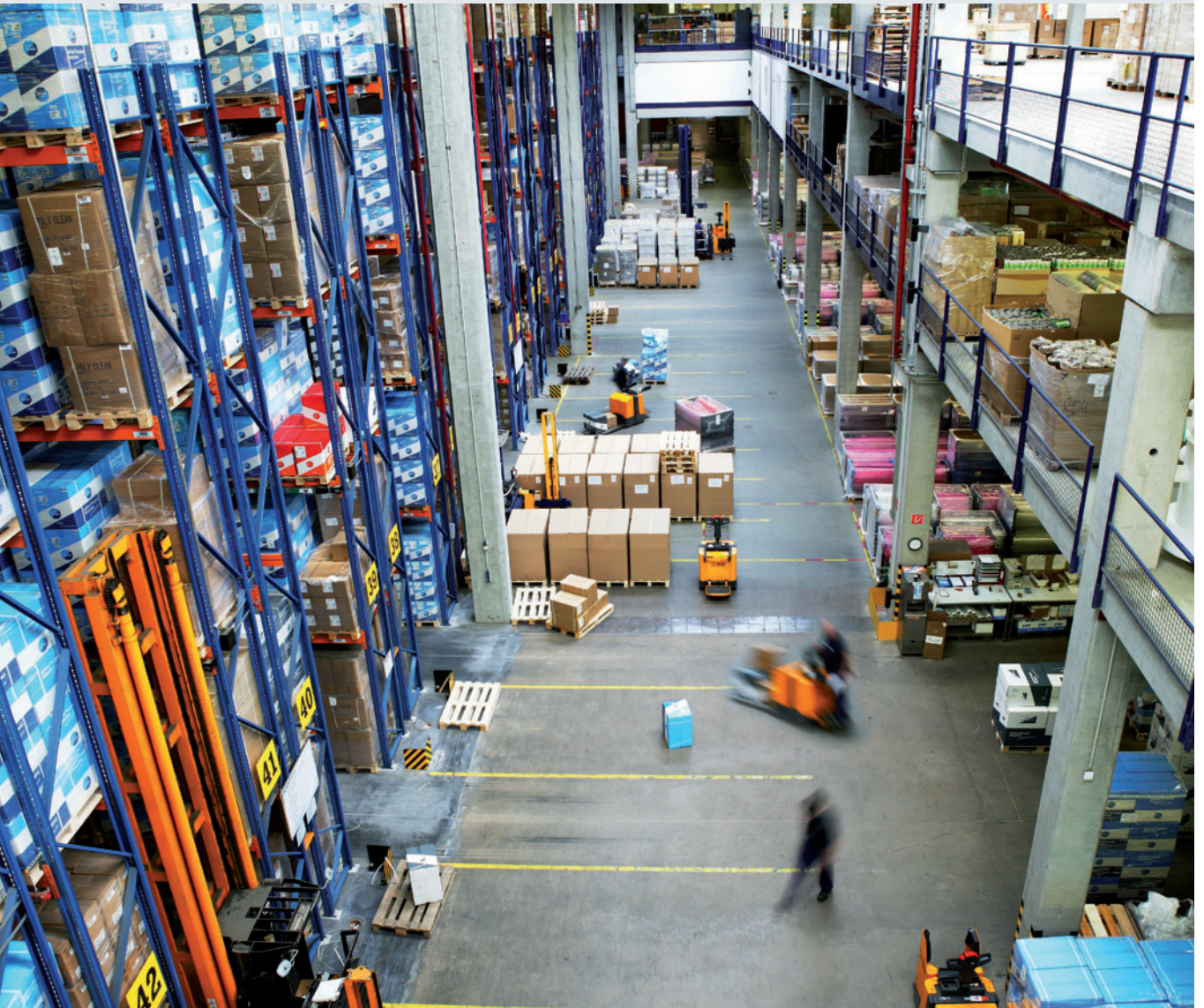
Favourable tax and regulatory environment

○ **Fiscal representation**

Businesses that source their goods from outside the EU do not need a fixed establishment in the country of destination to comply with their fiscal obligations. In Luxembourg, they may use the service of a fiscal representative that takes care of the necessary VAT compliance requirements, import declaration and other formalities.

○ **Towards a paperless environment**

Increasing internationalisation of business and supply chain security considerations increase pressure for the automation of trade and customs procedures. Therefore, the Luxembourg customs administration has implemented, in cooperation with the European Commission, a paperless trade and customs environment, enabling effective control while



reducing trade transaction costs. All Luxembourg regulatory authorities involved in trade facilitation are joining forces to move ahead with harmonisation and standardisation of their administrative processes and to provide economic operators with a single point of connectivity (single window). Re-using information along the supply chain will offer competitive advantages to all stakeholders. Furthermore, Luxembourg has been a IATA certified e-freight location since 2008.

○ **Authorised Economic Operator (AEO)**

To comply with EU security standards, the Luxembourg customs administration has implemented AEO certification. This concept gives reliable operators certification that they are secure and trustworthy operators. Depending on the level of certification, an AEO benefits from various advantages in relation to customs clearance.

○ **Recognised certification agency**

Many international automotive, medical device and electronics manufacturers take advantage of the know-how and efficiency of Luxembourg's certification agency (SNCH). It offers EU-wide recognised services which enable access to international markets within a minimal period of time and at a reasonable cost.

○ **No VAT pre-financing**

Importing goods into the EU generally triggers a VAT liability in the country of importation, unless the goods are placed under a specific warehousing regime. Most EU countries require the immediate payment of VAT but Luxembourg has eliminated that process. Therefore no cost is linked to the pre-financing of import VAT in Luxembourg. While several other EU countries allow similar processes upon request and under certain conditions, Luxembourg stands out for its simplified, automatic and unconditioned procedure.

World class logistics players

Luxembourg also hosts the full range of experienced logistics service providers (e.g. carriers, handling agents, forwarding agents) enabling the provision of just-in-time access to EU markets. Major players include Atlas Air, Arthur Welter, Cargolux, CFL multimodal, CHAMP Cargosystems, China Airlines, CH Robinson, CLdN, CTI Systems, Dachser, DBSchenker, DHL, Expeditors, Hasenkamp, Jost Group, Kuehne+Nagel,

LogWin, Lorry-Rail, Lufthansa Cargo, LuxairCargo, Luxembourg Freeport, Luxport & Lorang, Mars Logistics, Morrisson Express, Panalpina, Qatar Airways, SL Logistics, SDV, Sogaris, TNT, Transalliance, Wallenborn, Yangtze River Express and Yusen Logistics. The result is that numerous international companies are shipping their products through and from Luxembourg to their European clients.

BUSINESS CARD

Area:	2,586 sq km / 999 sq miles
Population:	562,958 inhabitants (46% foreigners)
Languages:	Lëtzebuergesch (mother tongue), French, German, English
Currency:	Euro
Political System:	Constitutional Monarchy Parliamentary Democracy
Head of State:	HRH Grand Duke Henri

EUROPEAN UNION CAPITAL

European Commission Services (Translation, Publications, Statistics)
| European Court of Auditors | European Court of Justice |
European Investment Bank | European Investment Fund | European
Stability Mechanism | Secretariat of the European Parliament

FOUNDING MEMBER OF MAJOR INTERNATIONAL ORGANISATIONS

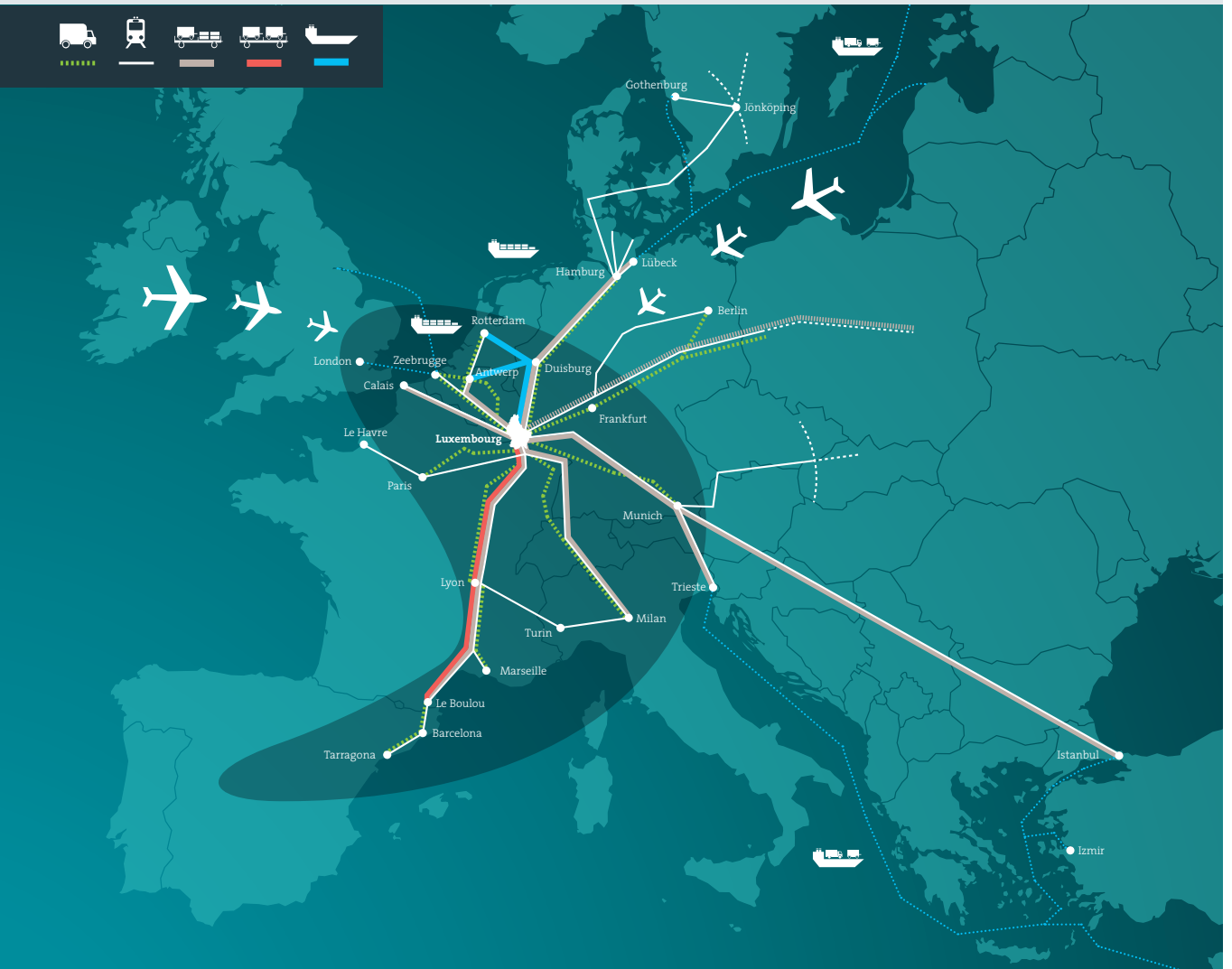
Benelux | Council of Europe | European Union | NATO | OECD |
United Nations | WTO

ECONOMIC HIGHLIGHTS

An open, diversified, stable economy
AAA rated country
Sound macroeconomic fundamentals
State-of-the-art infrastructure
Excellent ICT connectivity to the EU and worldwide
Central location within a day's reach of 60% of EU markets

DISTANCE FROM CAPITAL TO

France:	20 km (Paris 380 km)
Germany:	25 km (Frankfurt 250 km)
Belgium:	20 km (Brussels 200 km)



Why Luxembourg?

In today's competitive world, the ability to accurately assess the attractiveness of countries or markets becomes increasingly important for companies operating on a global scale. The facts leave no doubt that Luxembourg has much to offer in this respect. Comparisons with other countries illustrate its attractive business environment and its superior performance in many areas.

However, what makes Luxembourg stand out is its capability to combine a unique series of assets:

- Strategic geographical location
- Predictable and stable business environment
- Multimodal transportation (air/rail/road/waterways)
- Rewarding tax environment
- Dedicated logistics parks
- Highly skilled, multilingual workforce
- Lower labour costs than other EU countries
- Easy access to government and customs authorities
- Forerunner in implementing EU legislation
- State-of-the-art ICT infrastructure

○ Sound economic fundamentals

Far-sighted and pro-business policies supported by a strong national consensus have enabled Luxembourg to successfully meet the challenges of economic

change over the past decades. Today, the Grand Duchy enjoys the highest standard of living in Europe, low inflation and unemployment, competitive corporate and personal income taxes and a balanced budget.

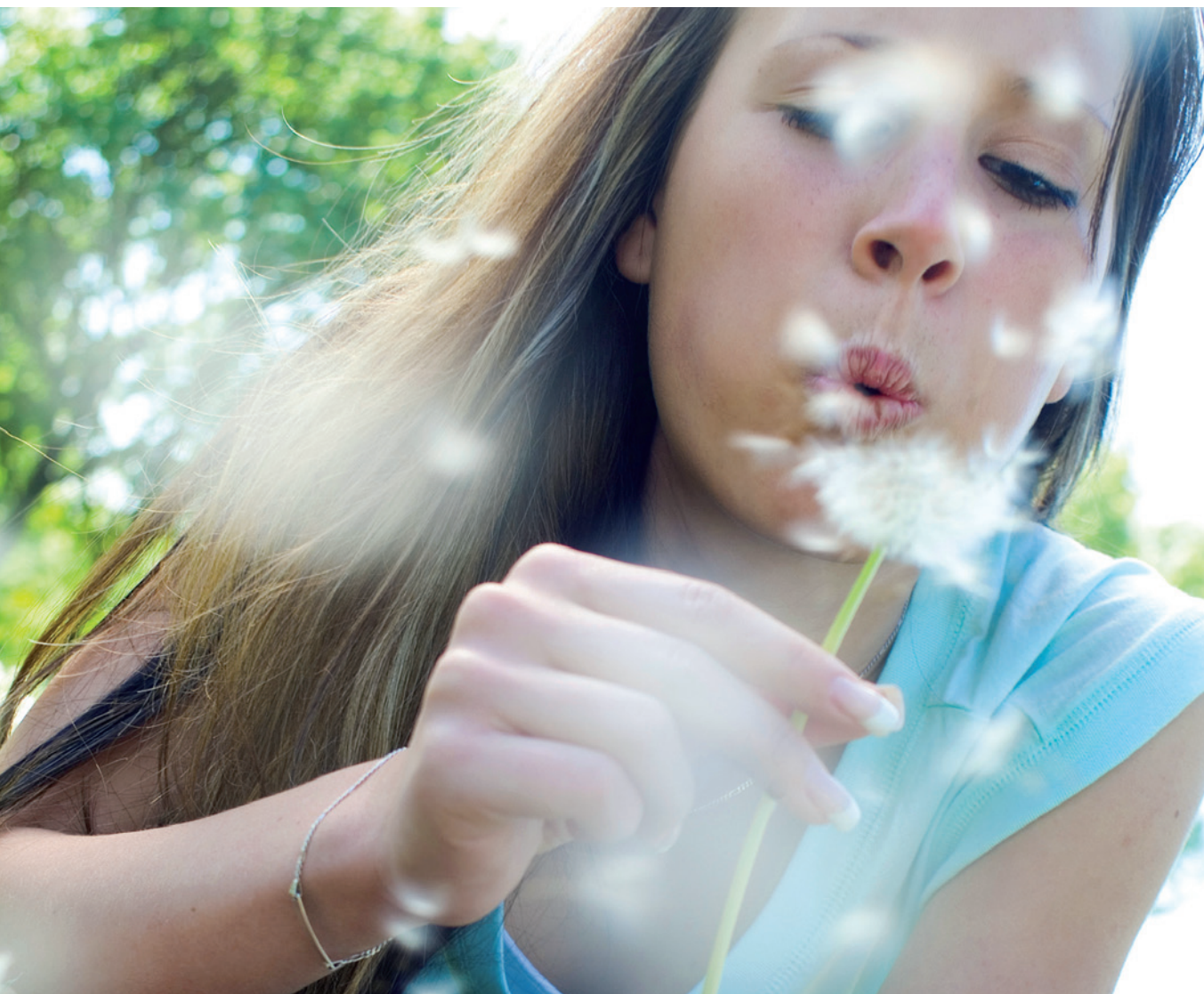
Due to its central location in Europe, its cosmopolitan population, the high level of educational achievement, multilingual capabilities and high productivity of its labour force, Luxembourg is an ideal starting point to access over 500 million European consumers.

○ An exceptional business environment

Luxembourg's economic policies value the strength of private initiative and innovative spirit. A free market approach gives businesses broad freedom of action. It is a small country where business can be developed easily and directly, avoiding cumbersome administrative red tape. The Government is willing to provide tailor-made incentives for investment, research and development. Social conflict is avoided by regular consultations between the various social partners and the Government. These are just some of the reasons why there has hardly been a strike in the last century.

○ Luxembourg: connecting people

Located in the heart of Europe, Luxembourg offers well-developed transportation and communication networks. The extended road and rail system, as well as the Luxembourg international airport link the country with economic and political centres throughout the world.



Ministry of the Economy
19-21, Boulevard Royal
L-2449 Luxembourg
Grand Duchy of Luxembourg

info@logistics.lu
www.logistics.lu
www.investinluxembourg.lu

The logo features the word "luxembourg" in a white sans-serif font, with the "lu" portion highlighted in red. Below it, the words "for business" are written in a smaller white font. To the right of the text is a red graphic element consisting of two curved lines forming a partial circle.
proud to promote | **LOGISTICS**