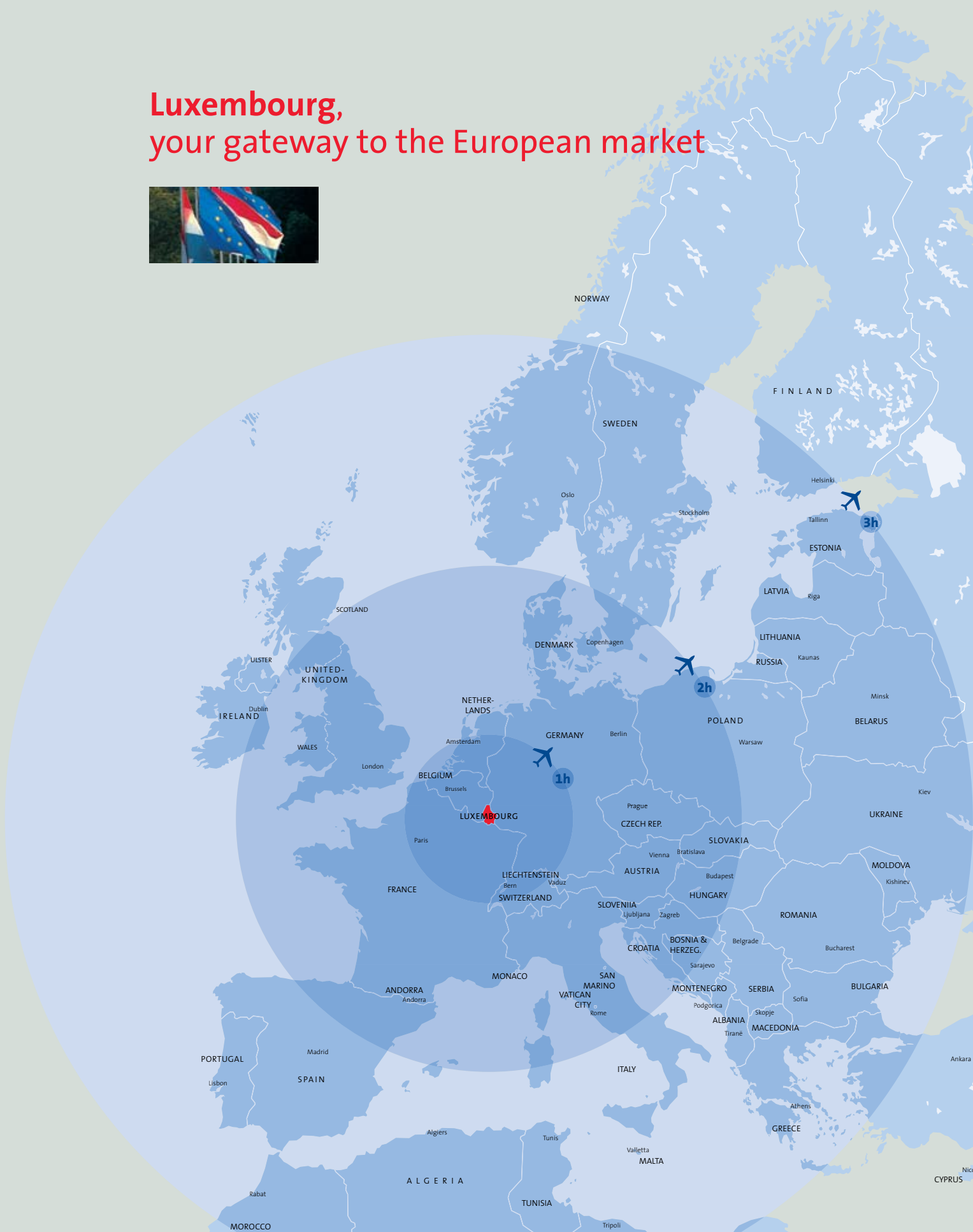


Luxembourg,  
your prime business location.



MINISTRY OF THE ECONOMY  
AND FOREIGN TRADE  
Board of Economic Development

# Luxembourg, your gateway to the European market



# Luxembourg, your prime business location.

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<b>BUSINESS CARD</b>	
Area:	2,586 sq km
Population:	500,000 inhabitants (42% foreign)
Languages:	Lëtzebuergesch (mother tongue), French, German, English
Currency:	Euro
Political System:	Constitutional Monarchy   Parliamentary Democracy
Head of State:	HRH Grand Duke Henri
<b>EUROPEAN UNION CAPITAL</b>	
European Commission Services (Translation, Publications, Statistics)   European Court of Auditors   European Court of Justice   European Investment Bank   European Investment Fund   Secretariat of the European Parliament	
<b>FOUNDING MEMBER OF MAJOR INTERNATIONAL ORGANIZATIONS</b>	
BENELUX   Council of Europe   European Union   NATO   OECD   United Nations	
<b>ECONOMIC HIGHLIGHTS</b>	
Wide open economy	
High growth potential	
Balanced macroeconomic fundamentals	
Diversified industry   International financial center	
Modern infrastructures	
Excellent connectivity to markets	

# Welcome

Located in the heart of Europe, Luxembourg is the ideal gateway to the European market with over 450 million consumers. Due to its political and social stability, skilled and multilingual workforce, state-of-the-art infrastructures, excellent connectivity to markets, favorable legal environment and attractive tax climate, Luxembourg offers an exceptional range of assets and opportunities for doing business in Europe.

The Luxembourg Government has always pursued a pro-active economic development policy, making possible for Luxembourg to become an international financial center and establishing itself as a prime business location.

Recently the Government has put emphasis on emerging and innovative technology-based activities such as ICT, e-commerce, media, automotive components, materials, plastics, logistics, environmental and health technologies.

Today, the results of this policy are clear: Luxembourg is home to some of the most successful global companies.

Small is beautiful! The modest dimension of the Luxembourg economy is the key to explaining its historic openness to larger markets. With a population of about 500,000, foreign trade is the main vector for economic growth. More than 80% of the goods and services produced in the Grand Duchy are exported, almost entirely (up to 85%) to the European market. Nevertheless, the Grand Duchy will persevere in its efforts to extend its presence in markets outside the EU in order to reduce its vulnerability to external shocks and to further develop through trade.

Our Trade and Investment Offices around the world, working within the framework of the Luxembourg Board of Economic Development, have the mission to further strengthen our trade and investment relations. Representatives located in China, India, Japan, South Korea, the United Arab Emirates and the United States of America are promoting Luxembourg as a prime location for companies eager to expand into Europe and they are assisting Luxembourg-based businesses in their exporting endeavors.

Therefore, should you consider expanding your production, service or sales activities in Europe, do not hesitate to contact us directly. We are entirely at your disposal and we would be pleased to explain, one-on-one, the advantages Luxembourg provides for the special aims and needs of your development plans.



*«...economic and political stability are preserved thanks to a broad consensus for sustainable development. Luxembourg supports economic openness, strengthening of foreign relationships and integration into larger markets...»*

**Prince Guillaume of Luxembourg**

Honorary Chairman of the Luxembourg Board of Economic Development

*«The competitiveness of the Luxembourg economy is to a large extent ensured by the competences, the cross-border thinking, the mobility and the cosmopolitan nature of its workforce...»*

**Jeannot Krecké**

Minister of the Economy and Foreign Trade

# The keys to success

## **An attractive business environment**

Luxembourg's economic policies are based on the strengths of private initiative and innovative spirit. A free market approach gives business broad freedom of action. Rigid bureaucracy and cumbersome red-tape are unknown. The Luxembourg Government actively encourages investment and innovation through a legal and regulatory framework designed to support business creation and economic development. Luxembourg's fiscal climate is among the most favorable in Europe with the lowest VAT rate, moderate corporate income tax and an attractive personal income tax.

## **High productivity**

The vitality of the Luxembourg market is for a large part due to the competences and the hard working mentality of its people. Cross-border thinking, mobility and the cosmopolitan nature of its workforce, of whom one third commutes each day from the three neighbouring countries, contribute to the high productivity of the Grand Duchy. The language skills of the workforce enable our companies to proudly claim: We speak the language of our customers.

## **Social and political stability**

Social conflicts can usually be avoided thanks to regular consultation between the social partners and the Government, known as the "Luxembourg Model". This is just one of the reasons why there has hardly been a strike over the last century! Coalition Governments have traditionally contributed to political stability and continuity of economic policies.



Ten good reasons why Luxembourg is the competitive alternative in Europe:

- | Strategic geographical location
- | Open, neutral and safe
- | Easy access to decision-makers
- | Business-friendly legal and regulatory framework
- | Rewarding tax environment
- | Competitive business costs
- | Highly skilled, multilingual workforce
- | State-of-the-art infrastructures
- | Investment and R&D incentives
- | High quality of life

## Custom-made investment incentives

Luxembourg offers a full range of custom-made support designed to give a head start to new ventures.

### Industrial sites

Land may be provided at favorable rates in one of the numerous national, regional or municipal industrial parks. The industrial sites are fully equipped with all public infrastructures and utilities: connection to transport and telecommunications networks, supply of water, sewer, electricity and natural gas. All are located close to major international highway, railway and airport networks.



### Incubators

Business and innovation centers offer a platform to host and assist entrepreneurs or technology-based companies wishing to establish a new and innovative activity in Luxembourg.

Incubators provide the appropriate support and advice to new projects facilitating their development and growth. They also serve as relay-centers offering a temporary location to foreign companies setting up their business in Luxembourg.



### **Financial support**

Financial support may be granted for the funding of specific projects in order to complement equity and bank financing. Support may be granted to small and medium-sized companies, to companies located in development areas. Financial support for research, development and innovation investment focusing on new products, services or processes, as well as for environmental protection or efficient energy utilization is possible.

Capital grants from the Government as well as medium and long-term loans from the National Credit and Investment Corporation (SNCI) are available.

### **Rewarding tax environment**

Beside the lowest level of VAT in the EU, Luxembourg's effective corporate income tax is among the most favorable in Europe. Accelerated depreciation and tax credits, applied to qualifying investments, complete the attractive tax climate, thus contributing to a successful start-up and to a high return on investment.

# Research, Development and Innovation

## A high technology environment

Research, development and innovation are key factors in ensuring competitiveness and success of today's modern industries. Luxembourg is well aware of these challenges and therefore the Government has set up a research-driven University, as well as Public Research Centers. Their missions are to boost and foster R&D activities in Luxembourg, to encourage technical and scientific cooperation as well as technology transfer between the public and private sector and to stimulate the eclosion and the development of new economic activities.



### PUBLIC RESEARCH CENTERS:

*The Gabriel Lippmann Public Research Center focuses on new material and nanotechnology as well as on sustainable management of natural resources.*

*The Henri Tudor Public Research Center seeks primarily to promote ICT innovation in the private and public sectors through R&D projects, technology transfer, technological assistance and advice.*

*The Public Research Center for Health organizes and coordinates national health-based research and fosters the transfer of knowledge in the fields of virology, immunology, cancer research and cardiology.*



## Luxinnovation

The National Agency for the Promotion of Innovation and Research is the first-stop shop for information and advice on innovation and R&D in Luxembourg as well as on national and European funding programs.

Its customized services and tailor-made assistance are provided free of charge by multidisciplinary advisers to:

- SMEs and large-sized companies;
- private research centers and laboratories;
- public research centers and institutes;
- researchers;
- entrepreneurs.

Luxinnovation will assist you with identifying abilities and requirements, finding the right instruments for financial and technological support, devising the various stages involved in setting up and managing projects and providing access to support programs for innovation and research at national and European level.

## Dynamic industrial sectors

### The automotive components industry

Luxembourg has become a key location for first and second tier suppliers to the automotive industry. At the crossroads between Belgium, France and Germany, Luxembourg is an ideal location for component suppliers with a multi-customer base to deliver their products fast and reliably. The Grand Duchy offers “just-in-time” access to the major European car manufacturers and assembly plants. Car manufacturers in Belgium, France and Germany as well as assembly lines in the Netherlands and in the United Kingdom can be supplied from Luxembourg on a same day delivery basis.

It is not a coincidence that global players such as Accumalux, Delphi, ELTH, Fanuc Robotics, Goodyear, Hyosung, International Electronics and Engineering (IEE), Raval Europe and Sam Hwa Steel, to name but a few, have chosen Luxembourg as their primary manufacturing or R&D base.





## Materials

Luxembourg is known for being an all-round innovative engineering and technology base for the iron & steel industry, the non-ferrous products sector, as well as for the glass, porcelain and cement industries.

Many companies specializing in materials have set up major production plants and highly sophisticated R&D centers in Luxembourg. International companies such as ArcelorMittal, Avery Dennison, Euro-Composites, Guardian Glass, DuPont de Nemours, Husky, Villeroy & Boch and many more propose a range of innovative and tailor-made products and services to customers all over the world.

# Dynamic industrial sectors

## Plastics

Plastics and in a broader sense the chemical industry, are thriving pillars of the Luxembourg industrial sector. Fierce global competition compels these industries to a constant process of innovation and incessant productivity gains.

The Luxembourg business environment, notably the financial incentive schemes and the tax system are encouraging companies to persevere in their quest for enhanced competitiveness. Given this background it does not come as a surprise that companies like Goodyear, DuPont, McBride, Husky, Dometic, Plastipak or Cosmolux are successfully operating from Luxembourg.





### **Environmental technologies**

The Luxembourg people and Government are strongly committed to the preservation of the environment and to the sustainable use of energy. Consequently “eco-innovation” ranks among the top Government priorities.

A legal framework in support of these goals is in place and generates first results. Already today numerous companies covering a variety of activities such as the recycling of residues and waste from steel production, wind power, photovoltaic applications or the production of infrared and heat reflective glass for automobiles are generating profits from environmentally friendly products and processes.

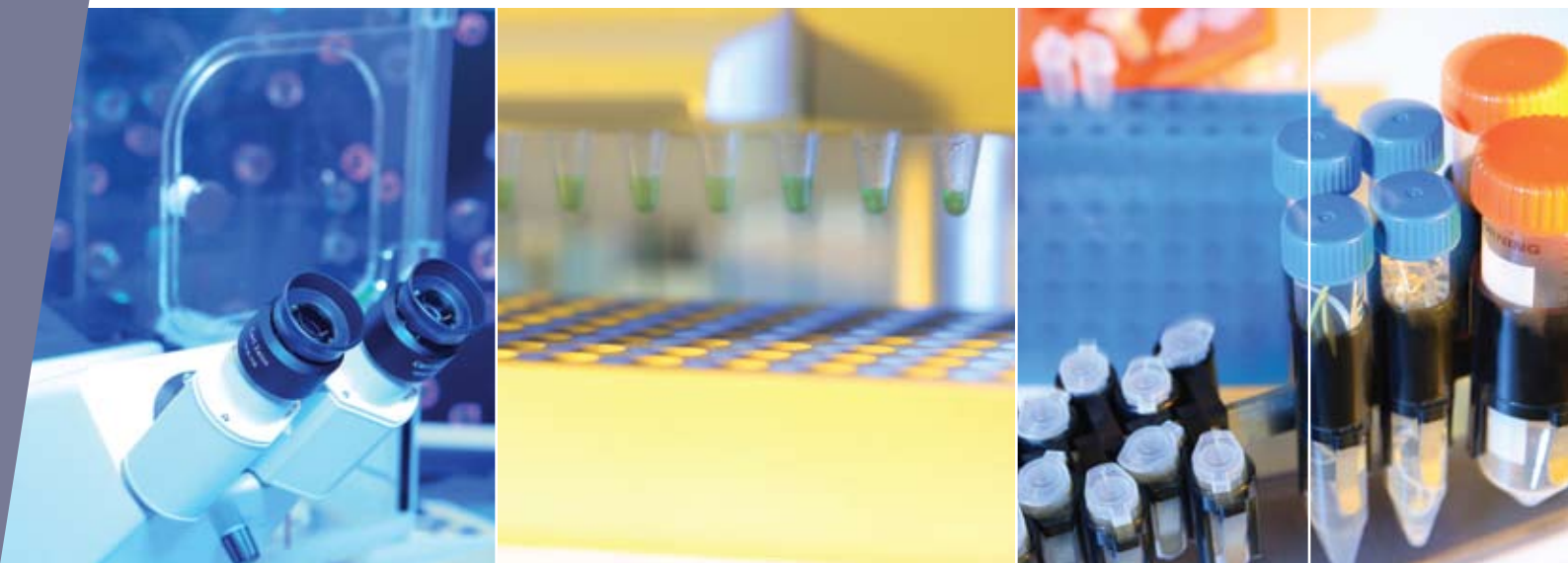
# Dynamic industrial sectors

## Health technologies

With a contribution to GDP estimated on average at some 6% in OECD countries, the health sector has not only become a major economic player, it also stands for knowledge and innovation. Against this background the Ministry of the Economy and Foreign Trade has prepared an action plan which aims at establishing Luxembourg as a prime location for R&D and business activities in selected areas of the health technologies sector.

The strategy adopted focuses on the economic valorisation of research efforts by building on existing research and industrial core competences and by capitalizing on Luxembourg's competitive advantages, including its central location, the international setting, a dense research network in the Greater Region as well as a rewarding fiscal environment.

The domains more particularly targeted are medical and diagnostic devices. Indeed, situated at the intersection between technology and biomedicine, these sectors offer interesting opportunities for



synergies with well-established research and economic activities, such as material sciences, clinical engineering and plastics industry. Support services, such as IT specialists, IP management and logistics constitute a further development niche where Luxembourg can build on existing strengths as well as on the state-of-the-art equipment of its public research centres and its university. The Government remains nonetheless open to other opportunities that may arise in the framework of either major research projects or of business ventures.



## Logistics

Luxembourg airport is the 5<sup>th</sup> largest air cargo hub in Europe and home base of Cargolux, Europe's leading air freight carrier. Cargolux operates a dense network of regular, direct flights to all continents. With its modern air cargo center, speedy ground handling and excellent air/road/rail/water connections to markets, Luxembourg is the logistical airfreight hub par excellence. Efficient railway connections to the ports of the North Sea make Luxembourg a hinterland port of Antwerp, Zeebrugge, Amsterdam, Rotterdam and Hamburg.

In addition, an important number of qualified players (i.e. handling agents, forwarding agents and logistics technology providers) provide quality service allowing just-in-time access to all European countries.

Consequently, the main international logistics providers are expanding their activities in Luxembourg. Kühne & Nagel, Panalpina and DHL, to name but a few, have already chosen Luxembourg as an operating base.

Many good reasons why Luxembourg is a competitive airfreight hub:

- | Central location in the European market
- | Excellent connectivity to markets
- | Aircargo flights to 90 destinations around the world
- | Speed of ground handling
- | Quality service offered by many operators
- | Quality dialogue with customs administration
- | No VAT prefinancing

## Dynamic service sectors

### Media, ICT and e-commerce

Luxembourg has successfully embraced the IT revolution whilst strengthening its position in the media sector linked to the presence of two European giants in the field, namely RTL Group in media and SES in satellite transmissions for multiple applications. Other multimedia and telecommunications companies have followed suit, leading to the growth of a closely-knit ICT network.

With its first-class infrastructures and telecommunication networks, as well as a culture of trust and security reflected by an appropriate legal framework, Luxembourg is the ideal place to serve as a global hub for the distribution of digital audiovisual content, such as music downloads, video-on-demand, Pay TV and digital radio and television transmissions. As a result Luxembourg has become home to the “stars” of the ICT sector: Amazon, eBay, iTunes, Millicom International Cellular, PayPal and Skype are household names who elected Luxembourg as platform for the European market.



Finally, the public private partnership, LUXTRUST, provides an efficient public key infrastructure to secure electronic signatures. An essential asset for electronic commerce is thus readily available in Luxembourg.

## An international financial center



Since the 1960s, comprehensive and market-oriented legislation has permitted Luxembourg to develop a solid reputation as one of the most important financial centers in Europe. The large number of banks (about 160\*), the steadily increasing number of investment funds (more than 12,000\* units), the leading position of Luxembourg Stock Exchange in the listing of Eurobonds (some 45,000\* securities are currently listed), as well as the rapidly developing clearing services illustrate some of the financial center's most prominent features.

The free movement of capital within Europe, the growing development of services in private banking, the legally backed banking secrecy and the high level of professionalism continue to further stimulate the development of the Luxembourg financial center.

(\* Situation as of end July 2008)

Almost 100 insurance companies as well as close to 300 captive insurance companies are present in the Grand Duchy. Risk coverage for large international ventures is facilitated through favorable legislation and an efficient administrative structure.

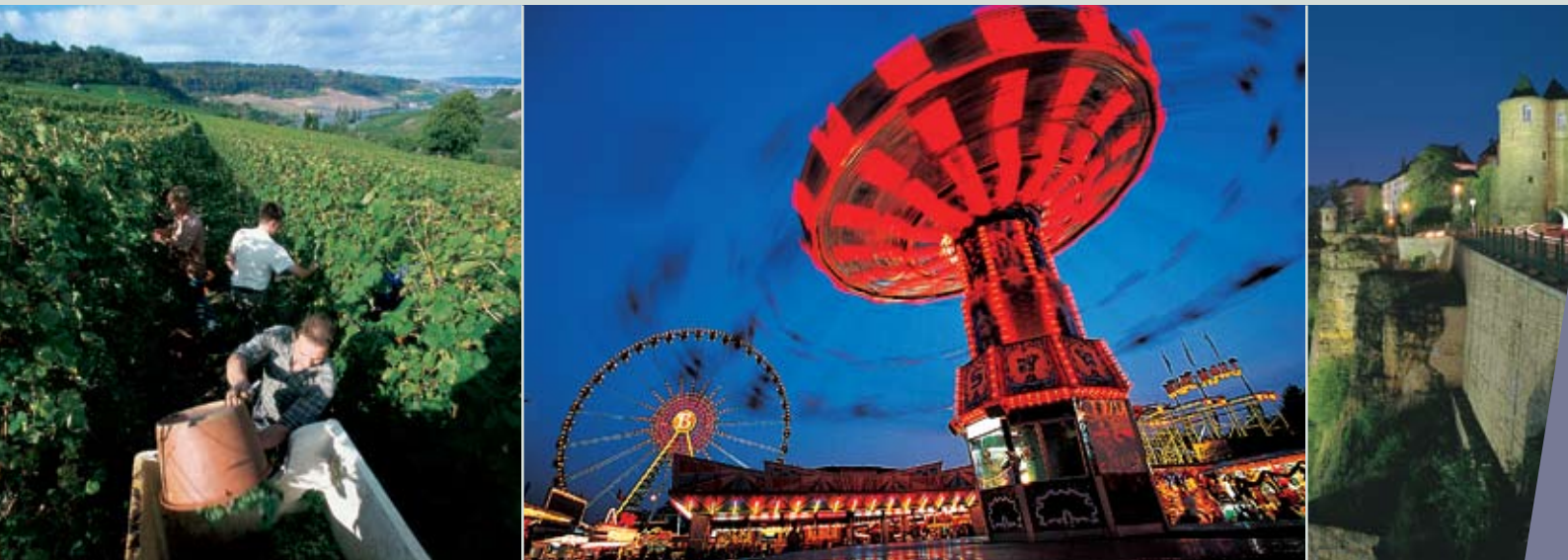
Life insurance, pension fund management and clearing services are also growth sectors. Judicious legislation offers opportunities for venture capital and private equity funds, as well as for the pooling of assets - tangible or intangible - in separate legal structures (securitization vehicles).

Furthermore, Luxembourg City serves as the European Union's prime capital for financial policy: the European Investment Bank, the European Investment Fund as well as the European Court of Auditors are all headquartered in Luxembourg.

## A good place to live

Luxembourg City offers the vibrant, cosmopolitan atmosphere of a European capital and yet it is only a few minutes away from sweeping forests, splendid views and picturesque historical sites. The Grand Duchy, also known as the Green Heart of Europe, is famous for the beauty of its nature. Discover and savor the four tourist regions, each with their distinctly different countryside: the wooded crests of the Ardennes alternate with the softly undulated vine slopes of the Moselle river or the rock formations of the Müllerthal contrasting with the industrial and architectural heritage of our country in the “Land of the Red Rocks” of the south. In this unique, protected natural setting, a sportsman can find everything he could possibly wish for: from hunting to fishing, biking to sailing, jogging to golfing, cross-country to water-skiing, outdoor activities abound.





## Culture

At a cultural level, Luxembourg offers first-class theater, music and cinema programs. The Neumünster Abbey, the Philharmonic Hall, the Center for Amplified Music (Rockhal) and the Sports and Cultural Center in Kirchberg, to name but a few, are newly-built modern infrastructures for cultural and social activities. Luxembourg offers high quality museums, with the National Museum for History and Art, the Museum of History of Luxembourg City, the National Museum of Natural History, the Municipal Art Gallery and the Museum of Modern Art.

## Education

Luxembourg is also proud of its high education standards. The establishment of the University of Luxembourg with its Faculty of Science, Technology and Communication, the Faculty of Law, Economics and Finance and the Faculty of Humanities, Arts and Educational Science has given an additional dimension to the education system in Luxembourg. The cosmopolitan character of the Grand Duchy is reflected even more through other established international schools, like the European School, the French Lycée Vauban, the British St. George's School, and the International School, catering to the English-speaking community.

## Our team



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# Useful links

## General information

<i>Luxembourg Board of Economic Development:</i>	<a href="http://www.investinluxembourg.lu">www.investinluxembourg.lu</a>
<i>Ministry of the Economy and Foreign Trade:</i>	<a href="http://www.eco.public.lu">www.eco.public.lu</a>
<i>Ministry of Small Businesses, Tourism and Housing:</i>	<a href="http://www.mcm.public.lu">www.mcm.public.lu</a>
<i>National Credit and Investment Corporation (SNCI):</i>	<a href="http://www.snci.lu">www.snci.lu</a>
<i>Luxembourg Chamber of Commerce:</i>	<a href="http://www.cc.lu">www.cc.lu</a>
<i>National Statistical Office (STATEC):</i>	<a href="http://www.statec.lu">www.statec.lu</a>
<i>Luxinnovation:</i>	<a href="http://www.luxinnovation.lu">www.luxinnovation.lu</a>
<i>Supervisory Commission for the Financial Sector (CSSF):</i>	<a href="http://www.cssf.lu">www.cssf.lu</a>
<i>National Tourist Office:</i>	<a href="http://www.ont.lu">www.ont.lu</a>

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## Tax information

<i>Income and corporate taxes:</i>	<a href="http://www.impotsdirects.public.lu">www.impotsdirects.public.lu</a>
<i>Customs and excise duties:</i>	<a href="http://www.do.etat.lu">www.do.etat.lu</a>
<i>Value Added Tax:</i>	<a href="http://www.aed.public.lu">www.aed.public.lu</a>

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## Professional associations

<i>Association of the Luxembourg Fund Industry (ALFI):</i>	<a href="http://www.alfi.lu">www.alfi.lu</a>
<i>Federation of Luxembourg Industry (FEDIL):</i>	<a href="http://www.fedil.lu">www.fedil.lu</a>
<i>The Luxembourg Bankers' Association (ABBL):</i>	<a href="http://www.abbl.lu">www.abbl.lu</a>

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<b>Legal information</b>	<a href="http://www.legilux.lu">www.legilux.lu</a>
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AND FOREIGN TRADE  
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