



LUXEMBOURG

YOUR AUTOMOTIVE
BUSINESS PARTNER

LU  **EMBOURG**

LET'S MAKE IT HAPPEN

AT A GLANCE

SIZE

2,586 sq km / 999 sq miles

Stability Mechanism / Secretariat of the European Parliament

POPULATION

576,200 inhabitants
(47% foreigners)

FOUNDING MEMBER OF MAJOR INTERNATIONAL ORGANISATIONS

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

LANGUAGES

Luxembourgish (national language), French, German, English is widely used, especially in the high-tech and financial sectors

ECONOMIC HIGHLIGHTS

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

CURRENCY

Euro

POLITICAL SYSTEM

Constitutional monarchy / Parliamentary democracy

HEAD OF STATE

HRH Grand Duke Henri

EUROPEAN UNION CAPITAL

European Commission Services (translations, publications, statistics) / European Court of Auditors / European Court of Justice European Investment Bank / European Investment Fund / European

DISTANCE FROM CAPITAL TO

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

**LUXEMBOURG
AT THE CENTRE OF
EUROPEAN
AUTOMOTIVE
BUSINESS DECISIONS**



LUXEMBOURG AT THE CENTRE OF EUROPEAN AUTOMOTIVE BUSINESS DECISIONS

Luxembourg is centrally located in the heart of the European automotive community. At the crossroads between Germany, France and Belgium, it offers excellent access to all European development locations of both Original Equipment Manufacturers (OEMs) and TIER1 suppliers. It is an ideal location for component suppliers with a multi-customer base to develop and tailor products to a wide range of customer requirements.

It all started with pioneers such as Ettore Bugatti, the Renault brothers and Gottlieb Daimler. Today, Europe is still the leader in terms of automotive sector innovation, vehicle design and manufacturing quality. About 1/3 of the world's light vehicle sales volume is generated by European OEMs.

The sales volume of European OEM is partly produced outside of Europe. However, most of the related sourcing decisions are taken at European development headquarters. Here, purchasing and development teams work closely together and OEM coordinate their global strategies requiring visits to partners in Paris, Stuttgart, Munich, Wolfsburg, Gothenburg or Turin.

The Luxembourg Government supports this knowledge-intensive industry with R&D grants, loans by the public law banking institution, the

SNCI, and a favourable tax environment for intellectual property.

BUSINESS OPPORTUNITIES FOR AUTOMOTIVE COMPONENT SUPPLIERS

Global sourcing strategies and fewer Tier 1 suppliers are re-defining the rules of engagement in the automotive business.

Traditional component suppliers are evolving into technology partners with systems expertise. Advanced development projects and participation in vehicle integration studies are mandatory for Tier 1 technology partners. Also needed to maintain healthy business relationships are excellent quality standards and cost control systems. In return, OEM will offer long lasting relationships and recurring business.

WE THINK CROSS-BORDER

To build such a relationship, companies must understand “the voice of the customer”, a challenging requirement considering the cultural and linguistic differences in Europe. As a truly international country in Europe, Luxembourg counts about 47% non-Luxembourgish residents and about half of the workforce consists of non-resident commuters from Belgium, France and Germany. A cross-border mindset prevails with a unique and mobile workforce consisting of multicultural, multilingual and talented experts. Being able to understand the clients’ language and culture, they are well prepared for doing business in an international and high-tech business environment such as the automotive sector.

A WIDE RANGE OF EXPERTISE

The advantages of having a European Sales and R&D headquarters in Luxembourg are enjoyed by many global component suppliers such as Delphi, Goodyear, IEE, Carlex, ArcelorMittal and CEBI International. Some combine R&D with manufacturing or end-assembly activities. Luxembourg offers several excellent logistics options, and the cost of labour is among the lowest in Western Europe, due to a moderate tax structure and low social contributions.

Luxembourg-based companies supply an increasing number of automotive components such as:

- Metal sheets and metal cast components
- Tyres and tyre components (wires, textiles, etc.)
- High performance plastics, foils and composite materials
- Fuel injection components (petrol, diesel, CNG, LPG)
- Interior (and exterior) trim parts
- Windscreens and other automotive glass applications (such as panoramic roofs)
- Reservoirs, tanks, valves and fuel venting systems
- Power management components (electrical)
- Sensors, mechatronics and electronics
- Industrial equipment and automation

The result is a strong economic cluster with a wide range of expertise: components, systems, development processes, manufacturing processes and equipment, process automation, and logistics.



**MANY GLOBAL
COMPONENT
SUPPLIERS ENJOY THE
ADVANTAGES OF A
LUXEMBOURG-BASED
EUROPEAN
SALES AND R&D
HEADQUARTERS**

AUTOMOTIVE SYSTEMS

The Luxembourg automotive landscape is evolving from being components - focused towards greater expertise in full systems. Luxembourg-based companies with a global presence have been active in systems development for many years. Recently, smaller companies with a more regional orientation have entered the market by participating in R&D consortia. Individual expertise from different component suppliers is bundled, enabling the development of complex automotive systems. Such development teams are strongly supported by the Luxembourg AutoMobility Cluster (LAC), the Luxembourg Institute for Science and Technology (LIST), and the Interdisciplinary Centre for Security, Reliability and Trust (SnT), a unit of the University of Luxembourg.

A unique feature of the Luxembourg AutoMobility Cluster is the comprehensive and complementary range of expertise of its members. This provides many opportunities for joint R&D and open innovation projects. A good example is the development of a virtual R&D test environment, where companies with well-equipped laboratories can offer testing equipment and expertise to other companies.

In terms of systems expertise, the players of the Luxembourg Automotive sector are active in the fields of:

- Comfort & convenience, HMI
- Active and passive safety, Advanced Driver Assist Systems (ADAS)
- Vehicle connectivity and infotainment
- Vehicle dynamics, body & chassis
- Powertrain, fuel management (fuel efficiency) and emission control

In addition to “horizontal” systems competences, the Luxembourg automotive sector has also many “vertical” competences such as automotive electronics or mechatronics development (HW and SW), and Model-Based Design (MBD).

INTERNATIONALISATION AND BUSINESS DEVELOPMENT

The Luxembourg automotive sector benefits from exposure to various national and international platforms. Small and medium-sized companies in particular present their products and skills on a common “Luxembourg Automotive” booth at international trade fairs such as the IAA in Frankfurt. In addition, dedicated sector trade missions are organised, including sector-specific programmes.

Foreign investors who look to establish a R&D or manufacturing operation in Luxembourg will be put in touch with private and public organisations that can provide all types of work space for all types of activity. Support is also available to help with the recruitment of high-level professionals. And, most importantly, experts will introduce newcomers to automotive engineering communities in Luxembourg and across Europe.

Our sector experts frequently attend international trade fairs and congresses in developed as well as emerging markets. Consequently, business development and internationalisation activities are driven by regional and global trends. Leading consultancy firms are on hand to help thanks to their global networks and sector specific insights and market analysis. The Luxembourg AutoMobility Cluster is a member of the international automotive cluster AUTOREGION, covering the sector's interests for the Greater Region comprising Luxembourg, Rhineland-Palatinate (D), Saarland (D), Lorraine (F) and Wallonia (B).

**EXPERTS ENSURE
THAT BUSINESS
DEVELOPMENT AND
INTERNATIONALISATION
ACTIVITIES ARE ALIGNED
WITH REGIONAL AND
GLOBAL TRENDS.**



**OUR UNIQUE STRENGTH
IS OUR ABILITY TO
SOLVE PROBLEMS
TOGETHER WITH OUR
CUSTOMERS**



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↑
50
X

Philarmonie
Place de l'Europe
MUDAM
Drac Eechel
Trois Gl
Philihar

AREA

GATEWAY TO EUROPE: EUROPEAN HOMOLOGATION

An important step in obtaining acceptance by the European market for automotive components, systems, and vehicles, is receiving recognition for technical expertise. Luxembourg offers automotive-specific homologation and certification expertise from the companies Lux-control (a partner of TÜV Rheinland) and AT-EEL. The two companies are officially registered as a “technical service” by the United Nations Economic Commission for Europe and the European Commission. Both companies have also developed global networks. The services provided in close cooperation with the national homologation authority, the SNCH, is one of the reasons why Luxembourg’s homologation and certification process is considered to be one of the fastest in Europe. This is a significant factor in reducing time to market.

WHY LUXEMBOURG?

Increasing globalisation means the ability to assess new markets has become increasingly important for global players, and Luxembourg has much to offer in this respect. The triple-A rated country boasts one of the highest standards of living worldwide, low inflation, low unemployment, competitive corporate and personal income taxes, low public debt and a balanced budget. It is hence not surprising that Luxembourg’s business environment is regarded as su-

perior to other locations in many respects. What makes the country’s automotive industry stand out though is a unique combination of several strengths:

TALENTED, MULTILINGUAL AND MULTICULTURAL EXPERTS

The Luxembourg automotive sector has a talented, experienced and motivated workforce that is acknowledged for its ability to tackle all kinds of challenges, whether they are related to technology, quality, supply or commercial issues. Our particular strength is our ability to solve problems together with the customer, in their own language whilst understanding their cultural background.

NETWORKING AND OPEN INNOVATION

Luxembourg, one of the founders of the European Union, is a country of networkers, a skill which has enabled Luxembourg-based people to hold key positions in European politics and industry. The Association of Luxembourgish Automotive Suppliers (ILEA) represents the political interests of the automotive industry in Luxembourg and Brussels. Under the umbrella of Luxinnovation, a key player in the development of the Luxembourg economy, the Automobile Cluster maintains strong relationships with both European automotive clusters and national clusters for ICT, space, environmental and health technologies, materials and logistics.

With joint R&D teams and the concept of open innovation, the Luxembourg AutoMobility Cluster helps component suppliers to become systems partners.

AN EXCEPTIONAL BUSINESS ENVIRONMENT

Luxembourg's economic policies reflect the importance of innovation allied with private initiative. A free market approach gives businesses broad freedom of action. Luxembourg is a country where business can thrive without much red tape. The Government provides tailor-made solutions for investment and R&D projects.

A DIVERSIFIED ECONOMY AND EXCEPTIONAL QUALITY OF LIFE

Luxembourg has a strong industrial tradition reaching back to the late 19th century. More recently, in a bid to diversify its economy, Luxembourg has developed an innovative high-tech manufacturing industry and has positioned itself as a major global player in financial services. Industrial conflicts are successfully avoided by regular consultations between the various social partners and the Government. This unique combination of a diverse range of strengths has resulted in a cosmopolitan country with one of the highest living standards in the world.

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