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LOGISTICS HUB
LUXEMBOURG



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PUTTING EUROPE AT YOUR FINGERTIPS

With the advent of digitalisation and new technologies, global demand and production have led to increased logistical challenges around the world. The access to efficient, time- and cost-effective supply chain management solutions has become a major success factor for companies conducting cross-border operations on a global level. Located in the heart of Europe, Luxembourg's open, innovative and export-driven economy provides global companies with many strategic advantages for conducting their business successfully to, in and from Europe.

Over the last decade, Luxembourg has continuously improved its positioning as an intercontinental and multi-modal logistics hub in Europe for value-added logistics activities (e.g. 3PL and 4PL). The country has implemented a multi-product specialisation strategy within its logistics sector focusing on certain types of products that require specific handling and/or storage solutions. The Luxembourg logistics hub has notably been reinforced with the establishment of a dedicated handling centre for healthcare and pharmaceutical products and a highly secured Freeport for valuable goods at the Luxembourg airport. Today, all these efforts are paying off and are recognised worldwide as Luxembourg ranks N°2 in the World Bank Logistics Performance index 2016.

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



Source: World Bank Logistics Performance index 2016



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AN IDEAL LOGISTICS GATEWAY IN EUROPE

Airlinks to all continents

Luxembourg's international airport is one of the leading freight airports in Europe and the home base of Cargolux, Europe's leading all-cargo carrier. The global network of Cargolux and other airfreight carriers such as China Airlines, Emirates, Silkway Airlines, Atlas Air and Qatar Airways as well as Panalpina's controlled airfreight network out of Luxembourg offer connections with multiple destinations in all continents on a daily basis.

Luxembourg's airport cargo centre has a total capacity of 1 million tons of freight per year and offers high quality services. With its modern and well-equipped airfreight handling facilities, LuxairCARGO offers secure, efficient and fast ground handling, allowing for cargo widebody 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.

Expertise in special cargo

- GDP certified Pharmaceuticals & Healthcare Centre
- Temperature-controlled environment for perishable handling
- Dedicated and specialised live animal station with veterinary in-house inspection
- Dedicated area for dangerous goods
- Specialised outsize freight handling facilities
- Fresh flower handling with vacuum cooler

6th largest

airfreight platform in Europe

Source: Luxairport

350 metres

The maximum distance from the furthest aircraft parking space to the cargo centre and therefore no waiting time on tarmac.





Luxembourg airport: key facts

- Dedicated all-cargo international airport
- Uncongested airport / slots available
- Runway: 4,000 x 60 metres, CAT III-b operation
- Handling capacity: 1 million tons (with provision for expansion)
- Suitable for up to B747-8 type aircraft
- 8 dedicated full freighter handling positions (with 4 additional under development)
- Short taxiing distances
- Fastest aircraft turnaround (120 minutes for a fully-loaded B747 freighter)
- 85,500 m² cargo centre
- 113 truck docks and sufficient truck parking positions
- 108 metres from aircraft to truck
- Short cargo transit times (average eight hours)
- Direct access to pan-European motorways
- Quality certifications: ISAGO, TAPA, SMS, GDP, ISO14024

An extended gateway to major EU ports and Turkish hubs

Reliable, scheduled, combined rail connections are provided by CFL multimodal to the North Sea, the Baltic Sea, the Iberian peninsula, the Mediterranean Sea, Turkey and other major EU hubs. In addition, new routes through Europe and towards China are planned. 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%
of the EU's GDP
can be reached within 1 trucking day

CFL multimodal manages Luxembourg's combined intermodal terminal (container terminal and rail motorway platform). The company operates direct combined trains to Antwerp, Le Boulou, Lodz, Lyon, Trieste and Zeebrugge, for instance, offering efficient multimodal connections for containers as well as craneable and non-craneable trailers. CFL multimodal also 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 and distribution) and customs clearance. The company specialises in engineering customised logistics solutions.

A rail motorway between Luxembourg and the South of France

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 innovative multimodal solution ensures the transportation of semi-trailers over a distance of more than 1,000 km. New routes through Europe are also planned and will enhance the Lorry-Rail transportation modus.

An inland port for heavy bulk traffic

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



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DEDICATED INFRASTRUCTURE FOR TAILOR-MADE SOLUTIONS

Logistics parks

Two logistics parks, Eurohub Centre and Eurohub South, provide real estate solutions (i.e. by building or renting warehouse facilities) within easy reach of the airport, the multimodal rail/road terminal and the inland river port. Both have direct access to major European motorways. The parks are dedicated to value-added logistics activities.

Japanese robotics manufacturer FANUC has set up its European Customisation and Distribution Centre of Robots and Robomachines in the Eurohub Centre logistics park. Drawing on studies analysing the optimal location of a centralised European product customisation, the company concluded that Luxembourg was the ideal solution due to its central location in Europe and the excellent balance between factors such as customer locations, the volume of goods shipped and transportation, labour and warehouse costs.

Masterbatch producer Ampacet Europe set up its European distribution centre in the Eurohub South logistics park in May 2015. Establishing this centre in Luxembourg allows the group to improve its operational reliability and efficiency.



Pharmaceuticals & Healthcare Centre

Handling of healthcare and pharmaceutical products requires particular attention. To meet the increasing need for reliable and efficient handling of temperature sensitive cargo brought by a growing amount of regulations, a dedicated Pharmaceuticals & Healthcare Centre has been set up within the airport's cargo centre. The 3,000 m² centre offers two distinct temperature zones: 818 m² for 2°C to 8°C and 1,600 m² for 15°C to 25°C, as well as 70 temperature-controlled ULD (unit load device) positions (2°C to 25°C) with permanent temperature monitoring. It thus meets all requirements of the WHO and IATA as well as EU guidelines on Good Distribution Practice (GDP) of medicinal products for human use.

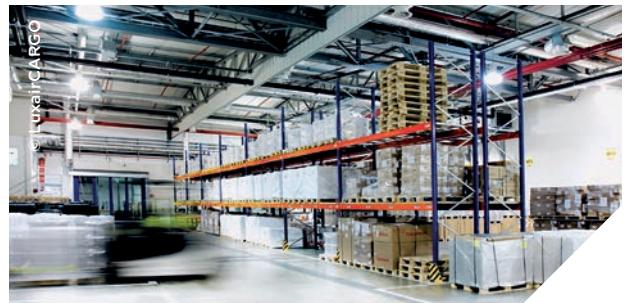
Good Distribution Practice certification: leading the way

To further support this activity, Luxembourg became in 2014 the first airfreight gateway in the world to be fully GDP compliant, qualified and certified according to the latest EU GDP guidelines. Alongside the numerous Luxembourg-based logistics service providers - Arthur Welter, Bolloré Logistics, DB Schenker, Expeditors, Kuehne+Nagel, Panalpina and Wallenborn - that are fully GDP certified, Cargolux and LuxairCARGO were, respectively, the world's first cargo airline and the first airport handling agent to obtain full GDP certification.

In addition, Luxembourg is breaking new ground by establishing fully GDP secured end-to-end trade lanes for pharma and healthcare shipments with both Hong Kong and Shanghai. A memorandum of understanding has been signed between Luxembourg airport on the one side and Hong Kong Air Cargo Terminals and Eastern Air Logistics in Shanghai, respectively, on the other side. The goal is to maintain GDP standards for all healthcare-related shipments that travel between Luxembourg airport and Hong Kong as well as Shanghai.

+25%

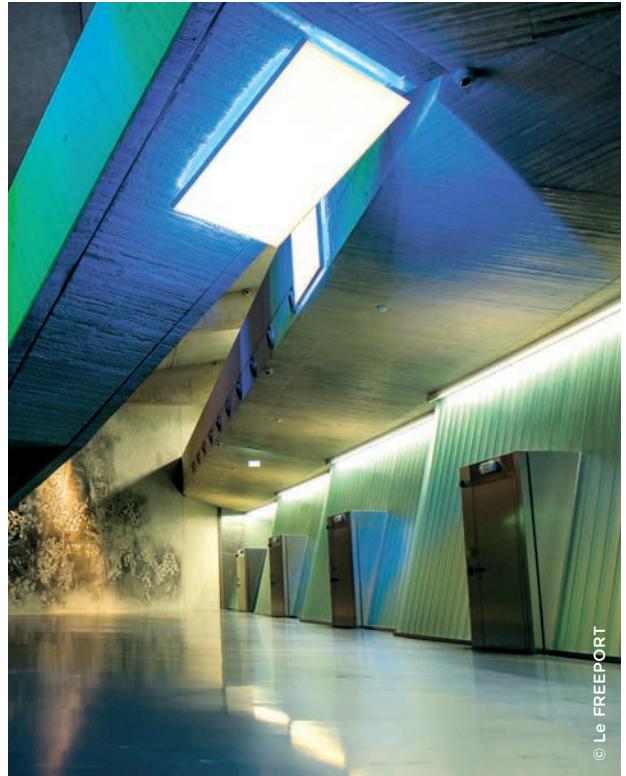
Temperature-sensitive freight volumes handled by LuxairCARGO increased from 24,400 tons to 30,000 tons between 2014 and 2016.



Le FREEPORT

Located next to the airport's cargo centre, 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 and collectible items). This state-of-the-art facility offers maximum security, controlled temperature and humidity storage conditions and features the latest technologies to ensure safe and secure storage.

Le FREEPORT Luxembourg operates under the supervision of the customs administration and is subject to a tax and customs framework which requires that goods can only access and leave Le FREEPORT through licensed operators. These are obliged to keep detailed inventories documenting the movements and physical locations of stored goods. Goods originating from non-EU countries that are imported into Le FREEPORT Luxembourg benefit from a suspension of VAT and customs duties until their final importation into the EU.



Live animals station

In order to best safeguard the welfare of animals, the airport's cargo centre offers an EU-certified veterinary station with fully certified border inspection post, veterinary services and holding space for any animals. It also provides dedicated accommodation in 50 stalls set up in a contained and noise-protected area with temperature and lighting controls adjustable to suit different species.

Flower express

In collaboration with the different actors and authorities at the airport, LuxairCARGO has implemented a procedure to optimise the transit time of flowers at the airport. Within an average timeframe of two and a half hours from the landing of the airplane, flowers are unloaded, fully controlled as required and charged on the trucks, ready for departure to their end destination.

Cross-border e-commerce

In today's digital era, consumers can shop online around the world at any time with multiple devices, thereby benefiting from a broader product offer. As consumer expectations grow, ensuring a seamless online shopping experience has become a critical success factor for online retailers. In the same way as marketing or payment security, logistics is an essential element to ensure customer satisfaction and loyalty. With its unique series of assets, Luxembourg is perfectly positioned to become a prime logistics hub for cross-border e-retailers in Europe. Luxembourg-based logistics service providers offer dedicated quality services for the needs of online retailers.

Unilever has chosen Luxembourg for its European e-fulfilment centre for premium tea brand T.O. by Lipton.

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 fact that Luxembourg has the highest labour productivity in the world.

In an effort to continuously develop the skills and talents needed, dedicated training programmes in logistics have been developed at all level. For example, the University of Luxembourg, in collaboration with the Massachusetts Institute of Technology (MIT) in Boston, USA and the Luxembourg government, has set up the Luxembourg Centre for Logistics and Supply Chain Management (LCL) for research, innovation and education in the logistics sector. The LCL is part of the MIT Global “Supply Chain & Logistics Excellence” (SCALE) network, an international alliance of leading research and education centres dedicated to the field of supply chain and logistics.

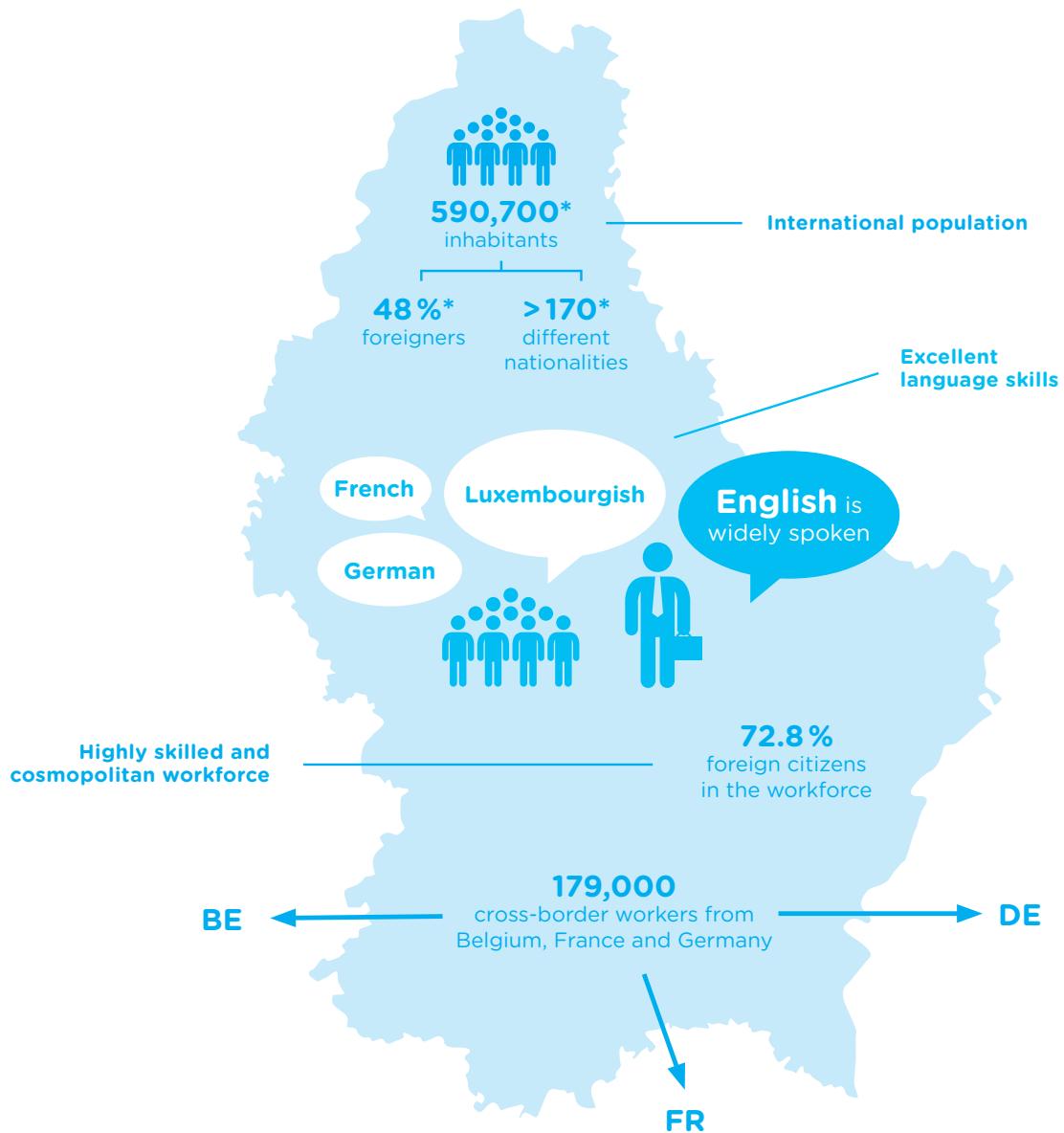
Training programmes for logistics professions:

- **Logistics technician diploma:**
high school programme
- **Introduction to the logistics and transport sector:**
vocational training
- **Luxembourg Centre for Logistics and Supply Chain Management:**
master, PhD and executive education programmes



E-commerce giant Amazon manages its European Fulfilment Network, a logistics network composed of 28 centres in Europe, out of Luxembourg.

Vodafone manages its global procurement activities out of Luxembourg with a team of dedicated procurement specialists.



*Source: Statec, May 2017

SMART AND INNOVATIVE LOGISTICS: LOOKING TOWARDS THE FUTURE

Digitalisation and new technological developments, such as 3D printing, the Internet of Things, predictive analytics, automation, robotics and artificial intelligence, are expected to reshape processes along the entire logistics value chain from contract logistics and warehouse management to end-to-end traceability and last-mile delivery. Luxembourg is well aware of these future challenges. Logistics companies established here can benefit from tailored-made research, development and innovation support schemes as well as from an environment where it is easy to find the right collaboration partners. The country's size, agility and determination to be on the cutting edge of new technological advances makes it a perfect "living lab" for testing innovative solution in a real environment.

Luxembourg will blaze a trail in the development of autonomous and connected driving technologies when its centre and south regions become a test laboratory. The area is part of a cross-border digital experimental site, also spanning roads in the Metz region in France and Saarland in Germany. The three countries have committed to work together to create an environment where innovative technologies can be tested on all road categories.

Supporting research, development and innovation

Innovative companies in Luxembourg are in particular encouraged to carry out R&D activities in collaboration with research institutes. The country offers, for example, the possibility to set up joint industrial research projects with the Luxembourg Centre for Logistics and Supply Chain Management of the University of Luxembourg.

Vibrant start-up ecosystem

Innovative logistics start-ups can be hosted and coached in an incubator or innovation centre in order to ease their development from early to mature stage. The Luxembourg ecosystem offers various funding schemes for promising start-ups in form of grants and equity investment. The Fit 4 Start programme, for example, supports ICT start-ups in their establishment phase by offering early-stage funding and coaching. The Digital Tech Fund is a seed fund that supports the funding and development of start-up companies active in key sectors such as logistics and ICT.

Outstanding infrastructure

Big data and advanced analytics represent a huge potential for the logistics and supply chain sector, especially in terms of process efficiency and service delivery. Companies aiming to develop services in this field need state-of-the-art ICT infrastructure. Luxembourg is at the forefront of the digital revolution and home to one of the best digital infrastructures in the world. Companies can benefit from:

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- **The presence of a high performance computer (HPC) by 2018**
 - **Ultra-low-latency hub:**
28 international fibre routes to main European hubs
 - **Europe's most modern data centre park:**
23 data centres, 8 with Tier IV certification
 - **A resilient and secure ICT environment:**
exceptionally high standards of cybersecurity
-

Luxembourg-based Nektria - one of the first companies to receive funding from the Digital Tech Fund - has developed a digital logistics platform that optimises last mile delivery for e-commerce.

Tyvek® Air Cargo Covers, which are produced in Luxembourg by DuPont de Nemours, help to reduce loss of perishable items by limiting the exposure to their environment, decreasing the impact of sudden ambient temperature changes and allowing excessive moisture to escape.

Vodafone and the Technoport incubator have launched Tomorrow Street Innovation Center. This public-private partnership aims to support late-stage start-ups to go global.

FAST AND EASY PROCEDURES FOR IMPORT, TRANSIT AND EXPORT

Towards a paperless environment

Increasing internationalisation of business and supply chain security considerations intensifies pressure on the automation of trade and customs procedures. Therefore, the Luxembourg Customs and Excise Administration has implemented a paperless trade and customs environment, hence enabling effective control while reducing trade transaction costs. Today, Luxembourg is working on the implementation of a Single Window for Logistics in order to further harmonise and standardise administrative processes related to international trade and to provide companies a single administrative point of access to the State. Furthermore, Luxembourg is an IATA certified e-freight location.

Authorised Economic Operator (AEO)

Companies that meet specific security criteria in the supply chain can request the authorised economic operator (AEO) status. This status entitles companies that commit to work with the customs authorities to benefit from a simpler and faster customs processing of their goods at the outer borders of the European Union (e.g. priority treatment when selected for the inspection of goods).

Recognised certification agency

Many international automotive 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.

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.

No import 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 hosts the full range of experienced logistics service providers – carriers, handling agents, forwarding agents and so on – enabling the provision of just-in-time access to EU markets. As a result, numerous international companies are shipping their products through and from Luxembourg to their European or international customers. Major players include, for example:







Maszewicze

CHINA

Istanbul

Izmir

Mersin



- Existing
- Projected
- Third party



- Existing



- - - Existing

HOW WE CAN HELP YOU

Ministry of the Economy

The Ministry of the Economy offers comprehensive information about Luxembourg as a business location, as well as tailor-made support and other cost-free consultancy services for companies interested in setting up their logistics activities in Luxembourg for tapping into the European market.

In-depth information

Please contact us for fast, reliable information on all aspects of doing business in Luxembourg – from real estate solutions to innovation support schemes.

Tailor-made Luxembourg visits

We can set up tailor-made visit programmes including meetings with all relevant sector contacts as well as visits to logistics parks.

Introduction to key logistics networks and contacts

We will help you identify and introduce you to potential customers, administration officials, logistics service providers and potential partners. You will particularly appreciate the availability of authorities and their willingness to collaborate.

Company set-up support

We can guide you through the procedures of setting up a company in Luxembourg and show you the ropes for fast and reliable progress.

Contact

Ministry of the Economy
Directorate Logistics
info@logistics.lu
www.logistics.lu

Cluster for Logistics Luxembourg

The Cluster for Logistics Luxembourg offers a noteworthy exchange platform for all organisations (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 initiatives and actions of the Cluster for Logistics focus on improving professional tools and provide decision-makers with accurate information and advice.

Contact

Cluster for Logistics
info@c4l.lu
www.clusterforlogistics.lu



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