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LOGISTICS AND
SUPPLY CHAIN HUB
LUXEMBOURG

 **LUXEMBOURG**
TRADE & INVEST

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AN IDEAL LOGISTICS GATEWAY IN EUROPE

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 and supply chain 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. Numerous players are investing in logistics facilities in Luxembourg and setting up their European distribution or their global/regional supply chain control tower here.

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





A HIGHLY CONNECTED LOGISTICS CENTRE

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 West Airlines, Uni-Top, and Qatar Airways as well as Panalpina's controlled air-freight network operated out of Luxembourg by Atlas Air 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.

6th largest

airfreight platform in Europe

Source: Luxairport

Expertise in special cargo

- GDP certified Pharmaceuticals & Healthcare Centre
- Temperature-controlled environment for perishable handling
- Dedicated live animal station with fully certified border inspection post, veterinary services and holding space suitable to different species
- Dedicated area for dangerous goods
- Specialised outsize freight handling facilities
- Fresh flower handling with vacuum cooler and optimised procedures to have products ready for departure in, on average, 2.5 hours

+ 58%

LuxairCARGO handled more than 2,500 horses in 2018, over 900 more than in 2017





Luxembourg airport: key facts

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

Multimodal connections to major hubs in the EU and beyond

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. Reliable and scheduled combined rail connections are provided by CFL multimodal to Antwerp, Zeebrugge, Ghent (with ferry connexions to the UK and Scandinavia), Lyon, Le Boulou, Barcelona, Trieste (with ferry connexions to Turkey) and other EU hubs. A first train to China was launched in early 2019. In addition, new routes through Europe and beyond are added to the network on a continuous basis.

60%
of the EU's GDP
can be reached within just 1 trucking day

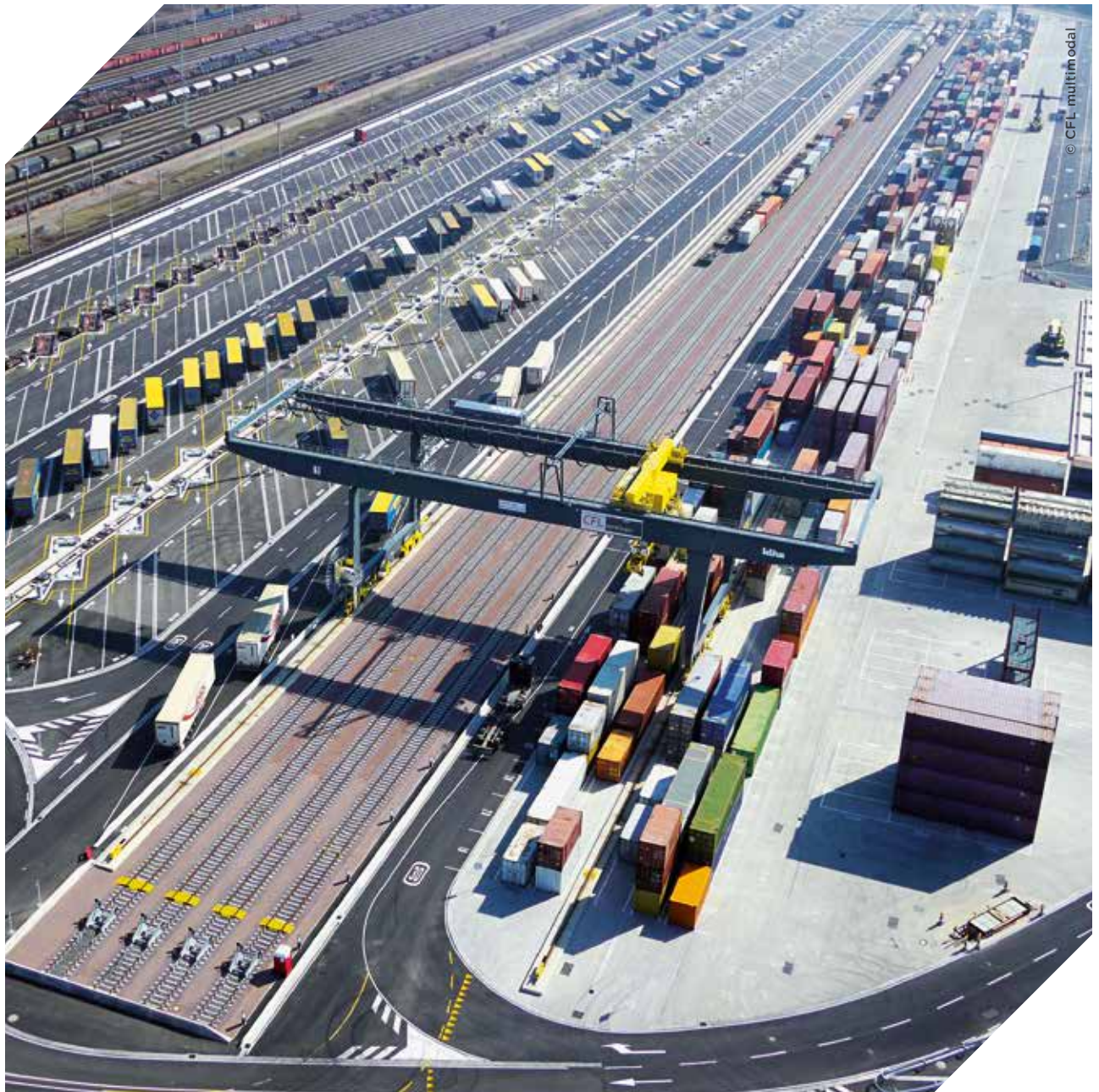
CFL terminals, a subsidiary of CFL multimodal, operates Luxembourg's intermodal terminal (container terminal and rail motorway platform). The terminal has a total capacity of 600,000 handlings per year (containers, craneable and non-craneable trailers, swap bodies) and is ideally positioned as an international hub for the consolidation of multimodal transport flows across Europe and beyond. CFL multimodal also offers a complete range of logistics services such as warehousing, freight forwarding and customs clearance, and is in particular specialised in engineering customised logistics solutions.

A rail motorway between Luxembourg and the South of France

With its rail motorway connection, Lorry-rail, a subsidiary of CFL, 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 Merttert 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. Since 2013, about 250,000 m² of logistics warehouse facilities have been built or are under construction in Luxembourg, representing an investment of about €250 million by the companies concerned.

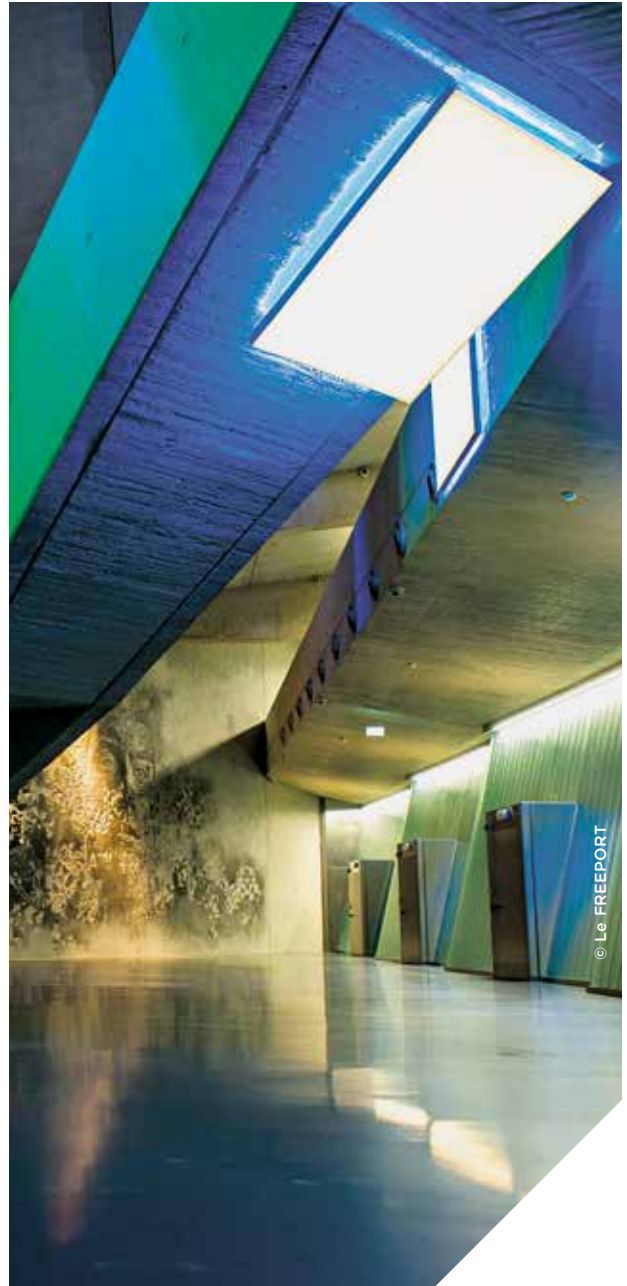
Japanese robotics manufacturer FANUC has set up its European Customisation and Distribution Centre of Robots and Robomachines in the Eurohub Centre logistics park. Drawing on studies analysing the optimal location of a centralised European product customisation, the company concluded that Luxembourg 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.



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. Luxembourg operators are also subject to anti-money laundering laws. 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.



Healthcare & Pharmaceuticals Centre at the airport's cargo centre

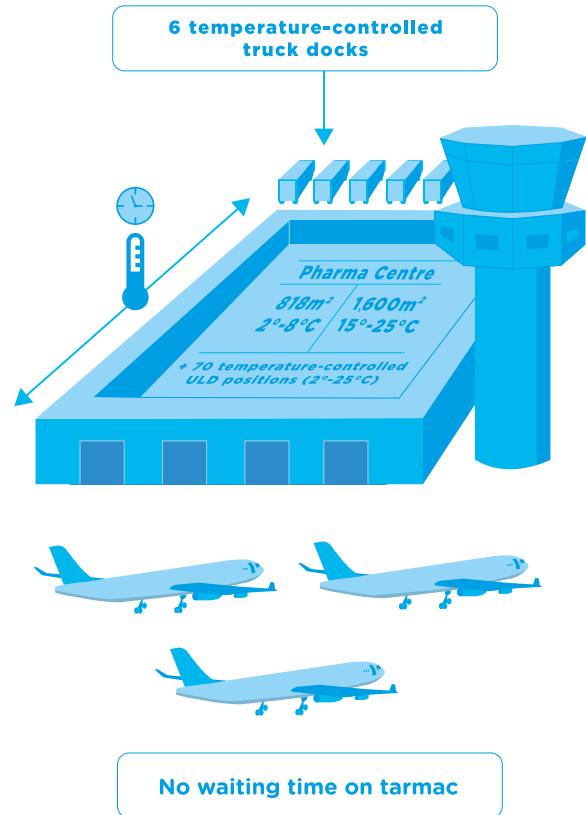
To meet the increasing need for reliable and efficient handling of temperature sensitive cargo brought by a growing amount of regulations, a dedicated Healthcare & Pharmaceuticals Centre, fulfilling all requirements of the WHO, IATA and EU GDP guidelines, has been set up within the airport's cargo centre.

Good Distribution Practice certification: leading the way

In 2014, Luxembourg became the first airfreight gateway in the world to be fully 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.

+22%

Temperature-sensitive freight volumes handled by LuxairCARGO increased from 31,000 to 36,830 tons between 2017 and 2018



Cross-border e-commerce

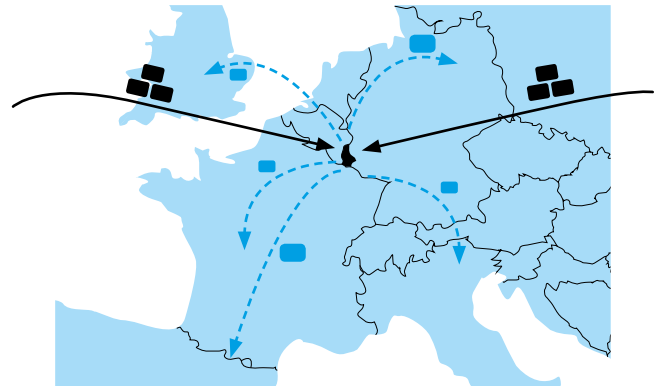
In today's digital era, consumers can shop online around the world at any time with multiple devices, thereby benefiting from a broader product offer. As consumer expectations grow, ensuring a seamless online shopping experience has become a critical success factor for online retailers. In the same way as marketing or payment security, logistics is an essential element to ensure customer satisfaction and loyalty.

Located in between two of the biggest European consumer markets, Germany and France, Luxembourg is perfectly positioned to become a prime logistics hub in Europe for cross-border e-retailers shipping goods directly to EU consumers or setting up e-fulfilment centres here. 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.

In order to further develop its e-fulfilment services and international parcel logistics activities, POST Luxembourg opened a new warehouse with a surface of 6,500 m² in 2018, ideally located next to the airport.

Luxembourg: an excellent European e-fulfilment hub for international e-commerce



Examples of services offered



Order preparation including packaging and relabelling



**Europe-wide delivery
End-to-end traceability**



Customs clearance



Return management

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:

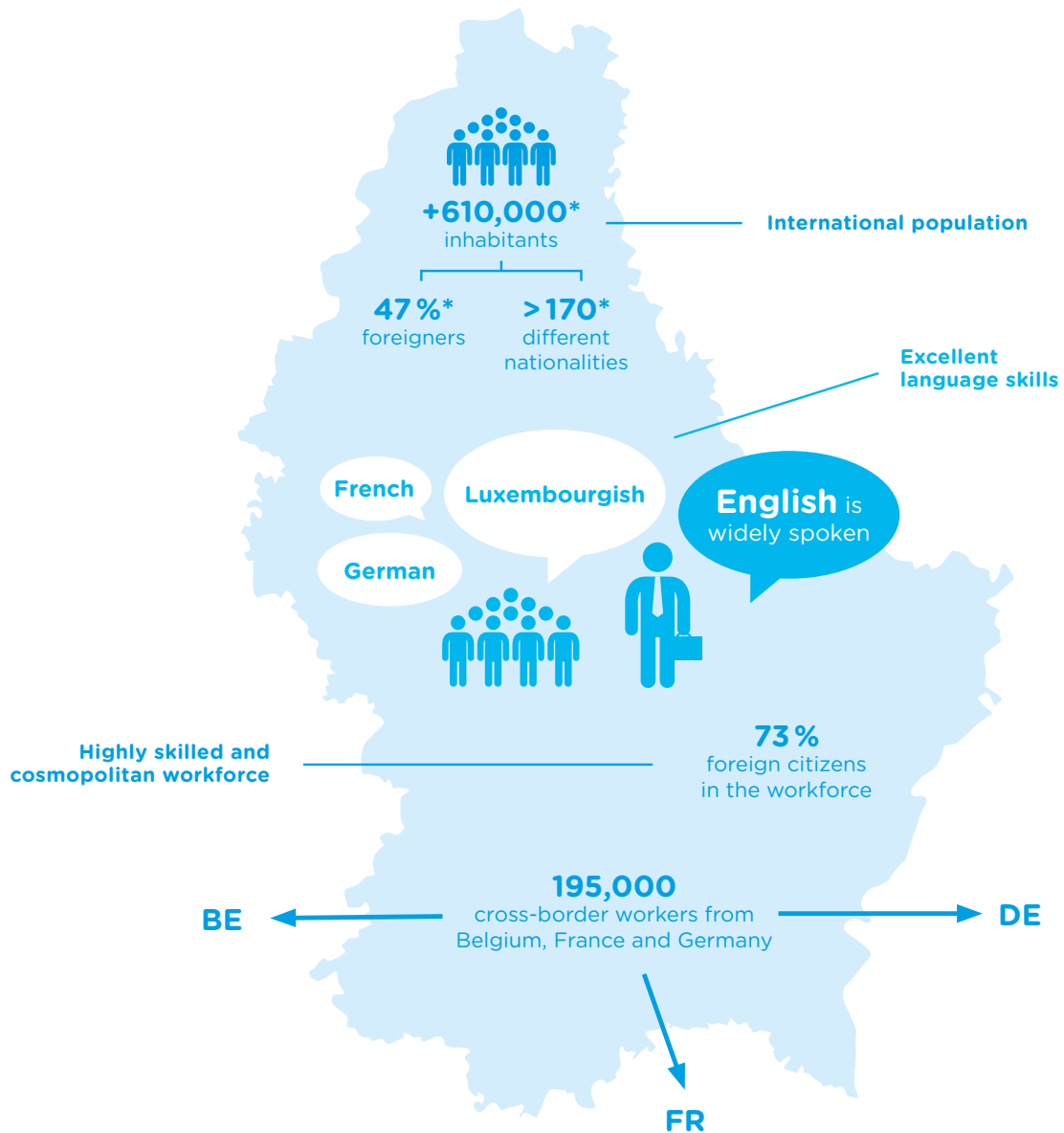
- **Logistics technician diploma:**
high school programme
- **Introduction to the logistics and transport sector:**
vocational training
- **Luxembourg Centre for Logistics and Supply Chain Management:**
master, PhD and executive education programmes



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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, April 2019

SMART AND INNOVATIVE LOGISTICS: LOOKING TOWARDS THE FUTURE

Digitalisation and new technological developments, such as the Internet of Things, predictive analytics, 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.

An ideal testbed

Luxembourg's size, agility and determination to be on the cutting edge of new technological advances makes it a perfect "living lab" for testing innovative solutions in a real environment. Companies established here benefit in particular from the government's openness when it comes to implementing necessary regulatory and practical adaptations.

Recently, for example, Luxembourg has initiated a 5G rollout strategy based on co-financed pilot projects in order to trigger the first 5G deployments by 2020. A first pilot will test autonomous and connected driving technologies in a cross-border environment together with Luxembourg's neighbouring regions in France and Germany. Another 5G testbed is planned on the CFL multimodal site at the Eurohub South logistics park.

Green logistics

Well aware of global warming issues, many logistics companies focus on improving the sustainability of their activities as a means to secure their long-term competitiveness. Luxembourg actively supports companies aiming to innovate in the fields of clean technologies, circular economy or the further optimisation of their operations. The Cluster for Logistics has initiated the LEAN and GREEN Programme, which supports Luxembourg-based logistics companies in their efforts to reduce CO₂ emissions and grants the LEAN and GREEN Award to those having achieved a 20% reduction within a timeframe of 5 years.

Start-up ecosystem



- A large number of private co-working spaces, incubators and accelerators.
- The acceleration programme Fit 4 Start offers early-stage funding, coaching and free access to co-working space to innovative ICT start-ups.
- The Digital Tech Fund provides critical venture capital support for promising early-stage high-tech start-ups.
- The Luxembourg Future Fund invests in early and late stage innovative European technology SMEs.

R&D capabilities



- Research partnership projects with the Luxembourg Centre for Logistics and Supply Chain Management offer companies the possibility to address complex logistics and supply chain challenges.
- The Interdisciplinary Centre for Security, Reliability and Trust (SnT) conducts top-level ICT research.
- The Luxembourg Institute of Science and Technology (LIST) is active in the fields of materials, environment and IT.
- Luxembourg offers attractive R&D and innovation grants with additional support for public-private R&D collaborations.

ICT infrastructure



- Excellent national and international connectivity, notably through 28 international fibre routes to main European hubs.
- Europe's most modern data centre park with 23 data centres, of which 8 are Tier IV certified.
- A resilient and secure ICT environment offering exceptionally high standards of cybersecurity.
- Set-up of a high performance computer (HPC) by the second half of 2020 with the primary aim of meeting business needs (e.g. HPDA - high performance data analysis).

FAST AND EASY PROCEDURES FOR IMPORT, TRANSIT AND EXPORT

Towards a paperless environment

Luxembourg offers a paperless custom environment (e-customs) and is an IATA-certified e-freight location. The electronic consignment note (e-CRM) protocol has been adopted and the first e-CMR was signed in April 2018. The web-based Single Window for Logistics (www.logistics.public.lu) offers comprehensive information about logistics infrastructures and activities in Luxembourg and is in the process of becoming a single administrative point of access to the State.

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

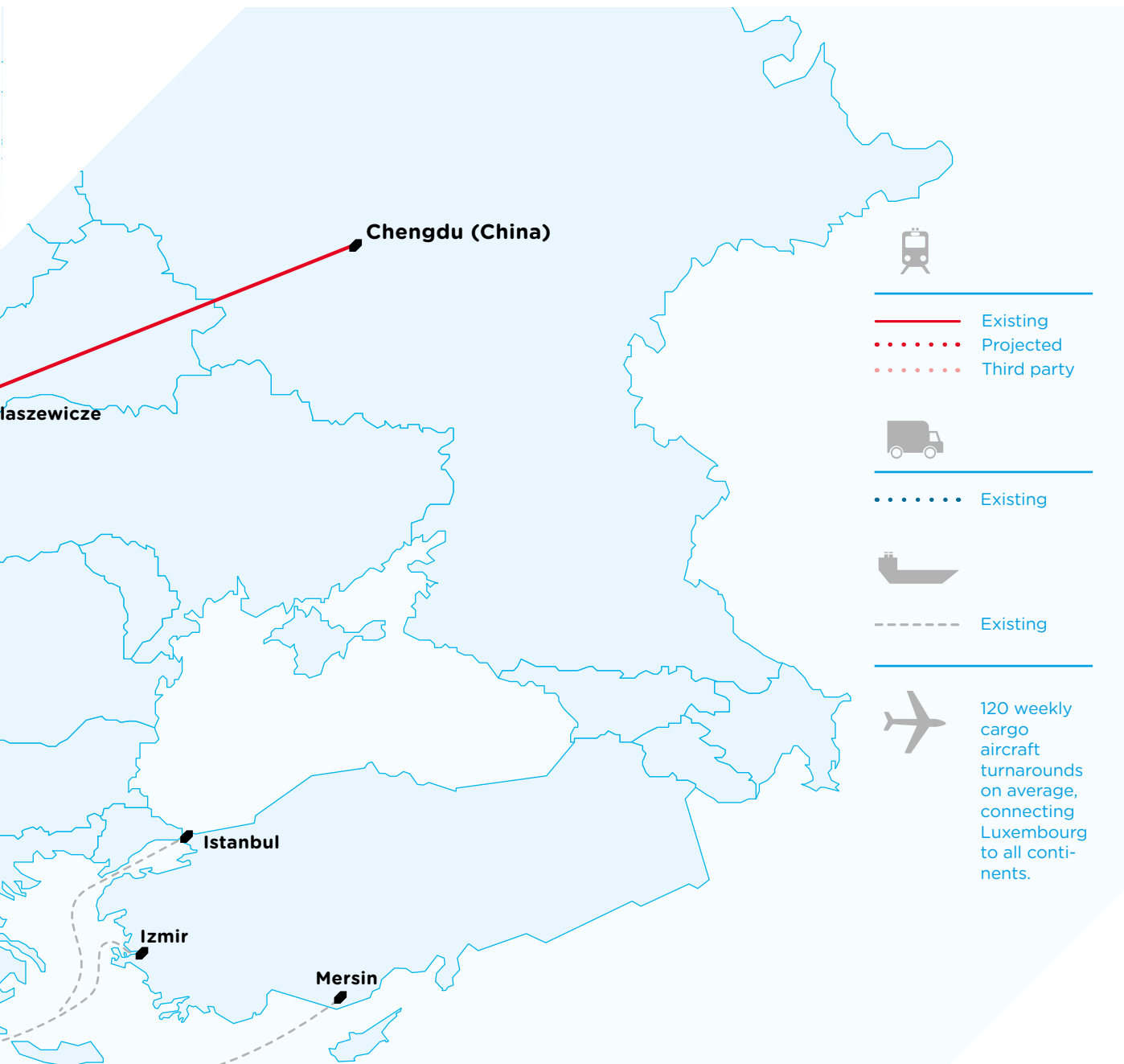
Importing goods into the EU generally triggers a VAT liability in the country of importation, unless the goods are placed under a specific warehousing regime. Most EU countries require the immediate payment of VAT but Luxembourg has eliminated that process. Therefore no cost is linked to the pre-financing 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:







Chengdu (China)

Łaszewicze

Istanbul

Izmir

Mersin



- Existing
- ⋯ Projected
- ⋯ Third party



- ⋯ Existing



- Existing



120 weekly cargo aircraft turnarounds on average, connecting Luxembourg to all continents.

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
Daniel Liebermann
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Directorate Logistics
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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

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