

LOGISTICS HUB LUXEMBOURG

A TAILOR MADE SOLUTION FOR YOUR EUROPEAN DISTRIBUTION

DANIEL LIEBERMANN & MARIANNE HOFFMANN
Directorate Logistics



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

LOGISTICS HUB LUXEMBOURG

LOGISTICS: A KEY SECTOR OF THE ECONOMIC DEVELOPMENT POLICY

LOGISTICS ACTION PLAN

OVERALL OBJECTIVE

« POSITION AND STRENGTHEN LUXEMBOURG AS AN INTERCONTINENTAL AND MULTIMODAL HUB IN EUROPE FOR ADDED VALUE LOGISTICS ACTIVITIES »

MULTI-PRODUCT SPECIALIZATION STRATEGY



A SECTOR FULLY SUPPORTED BY ALL STAKEHOLDERS (PUBLIC  PRIVATE)



LOGISTICS HUB LUXEMBOURG

LOGISTICS: A KEY ELEMENT FOR YOUR SUCCESS IN EUROPE

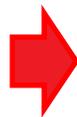
« WHEN PLANNING OR DEVELOPING YOUR ACTIVITIES INTO THE EUROPEAN MARKET, YOU MIGHT CONSIDER AT A CERTAIN MOMENT TO SET UP A DISTRIBUTION CENTRE SOMEWHERE IN EUROPE »



CHOOSING THE RIGHT LOCATION WILL BE KEY TO YOUR SUCCESS

NEED TO FIND THE RIGHT BALANCE BETWEEN KEY DECISION FACTORS

- ↳ TIME or PROXIMITY TO MARKETS
- ↳ TOTAL COSTS
- ↳ QUALITY OF SERVICES

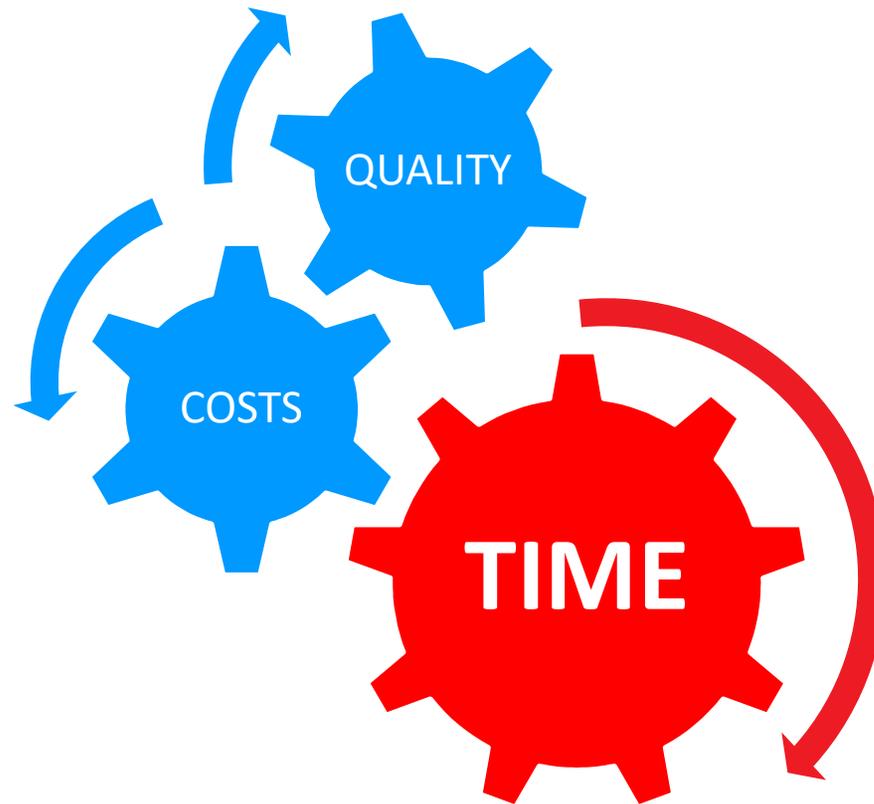


WHAT DOES LUXEMBOURG HAVE TO OFFER ?



LOGISTICS HUB LUXEMBOURG

FIND THE RIGHT BALANCE BETWEEN THE KEY DECISIONS FACTORS



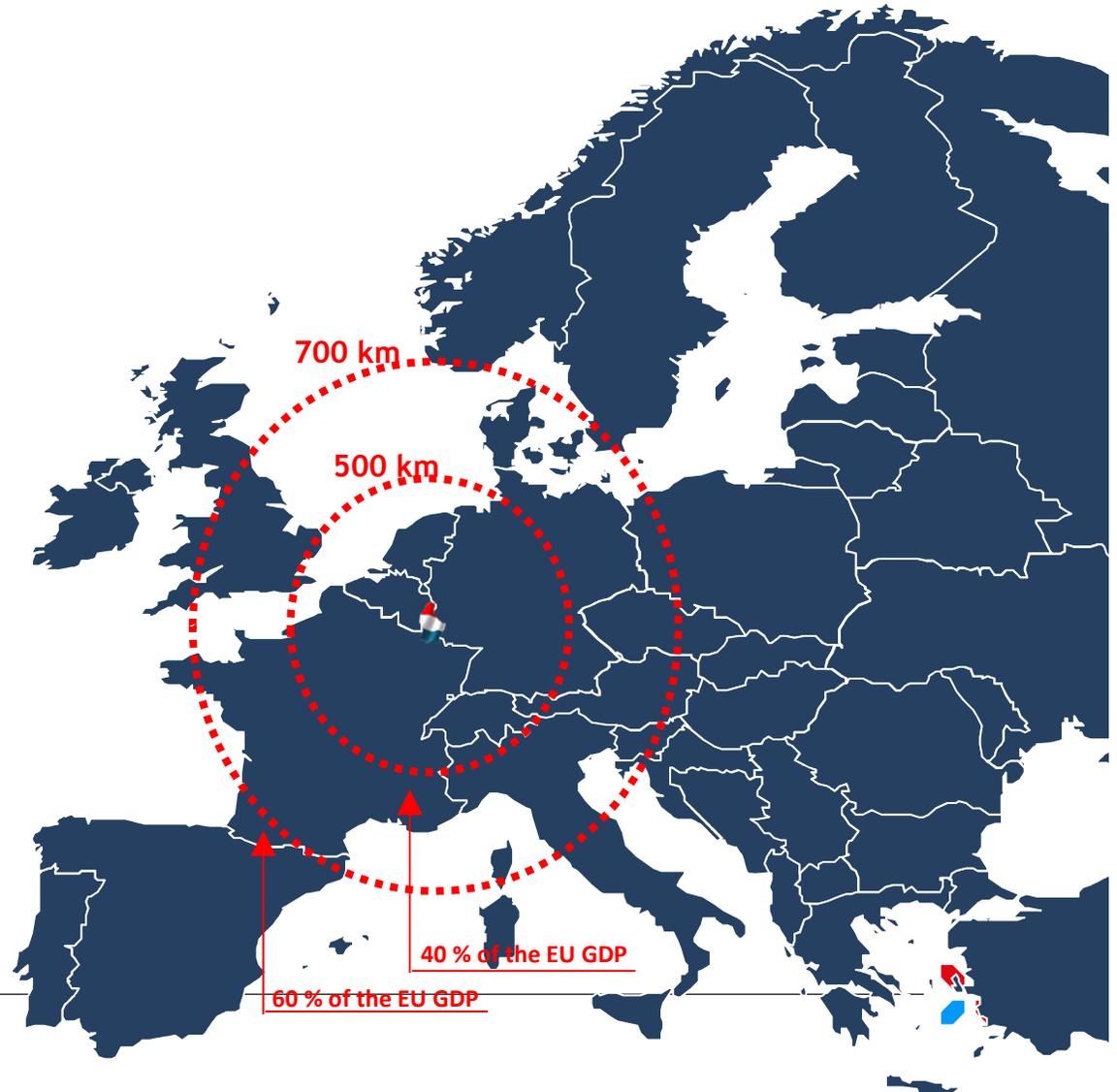
LOGISTICS HUB LUXEMBOURG

A HIGHLY STRATEGIC POSITION IN EUROPE

60% OF EU GDP WITHIN
700 KM
OF LUXEMBOURG



A GATEWAY TO THE
500 MILLION
EU CONSUMER MARKET



LOGISTICS HUB LUXEMBOURG

A LEADING EUROPEAN FREIGHT AIRPORT CONNECTED TO ALL CONTINENTS

PRESENCE OF LEADING AIR CARRIERS

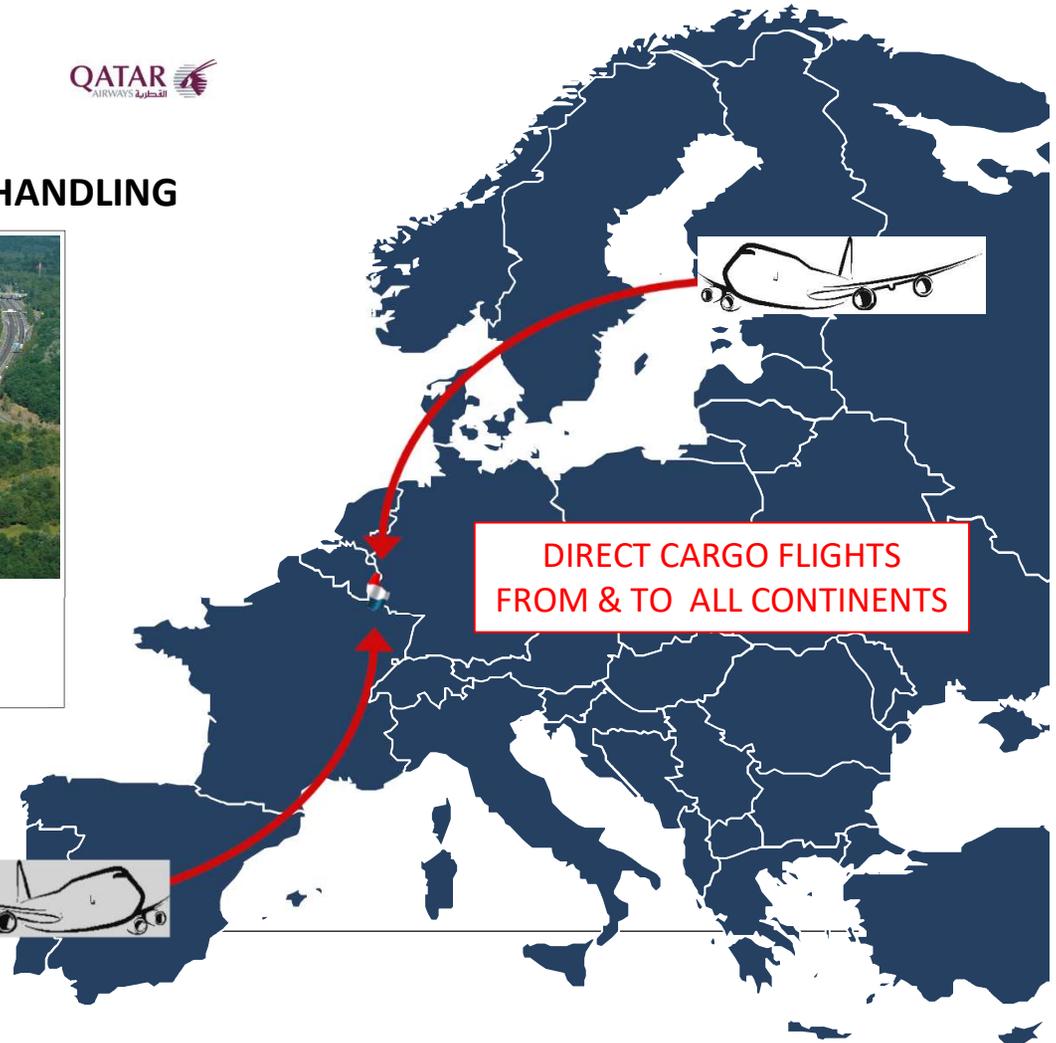


FAST, SECURE and EFFICIENT GROUND HANDLING



- HANDLING CAPACITY OF 1 MIO TONNES/YEAR
- QUICK TURNAROUND TIME
- SUPPORTED BY AN EFFICIENT ROAD FEEDER SERVICE

EXPERTISE IN SPECIAL CARGO



LOGISTICS HUB LUXEMBOURG

AN EXTENDED GATEWAY TO MAJOR EUROPEAN SEAPORTS

SCHEDULED ROAD, RAIL and BARGE CONNECTIONS

COMBINED RAIL CONNECTIONS TO THE PORTS OF THE NORTH SEA, THE BALTIC SEA, THE IBERIAN PENINSULA, THE MEDITERRANEAN SEA AND TURKEY AS WELL AS TO MAJOR EUROPEAN INDUSTRIAL CENTRES

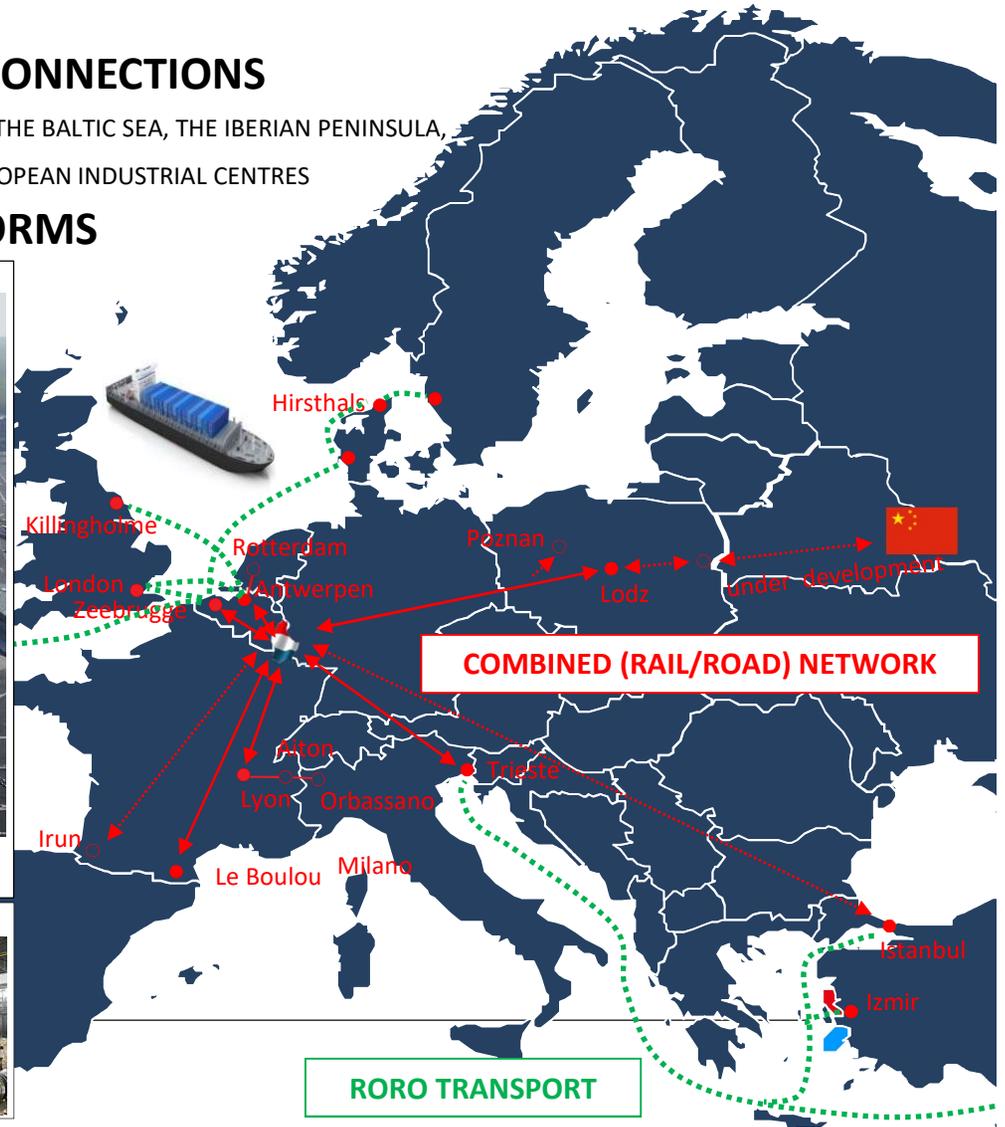
SUPPORTED BY MULTIMODAL PLATFORMS

NEW INTERMODAL (RAIL/ROAD) TERMINAL



CAPACITY: - 300.000 CONTAINERS/YEAR
- 300.000 SEMI-TRAILERS/YEAR

INLAND RIVER PORT



LOGISTICS HUB LUXEMBOURG

IN THE HEART OF AN EFFICIENT ROAD FEEDER NETWORK

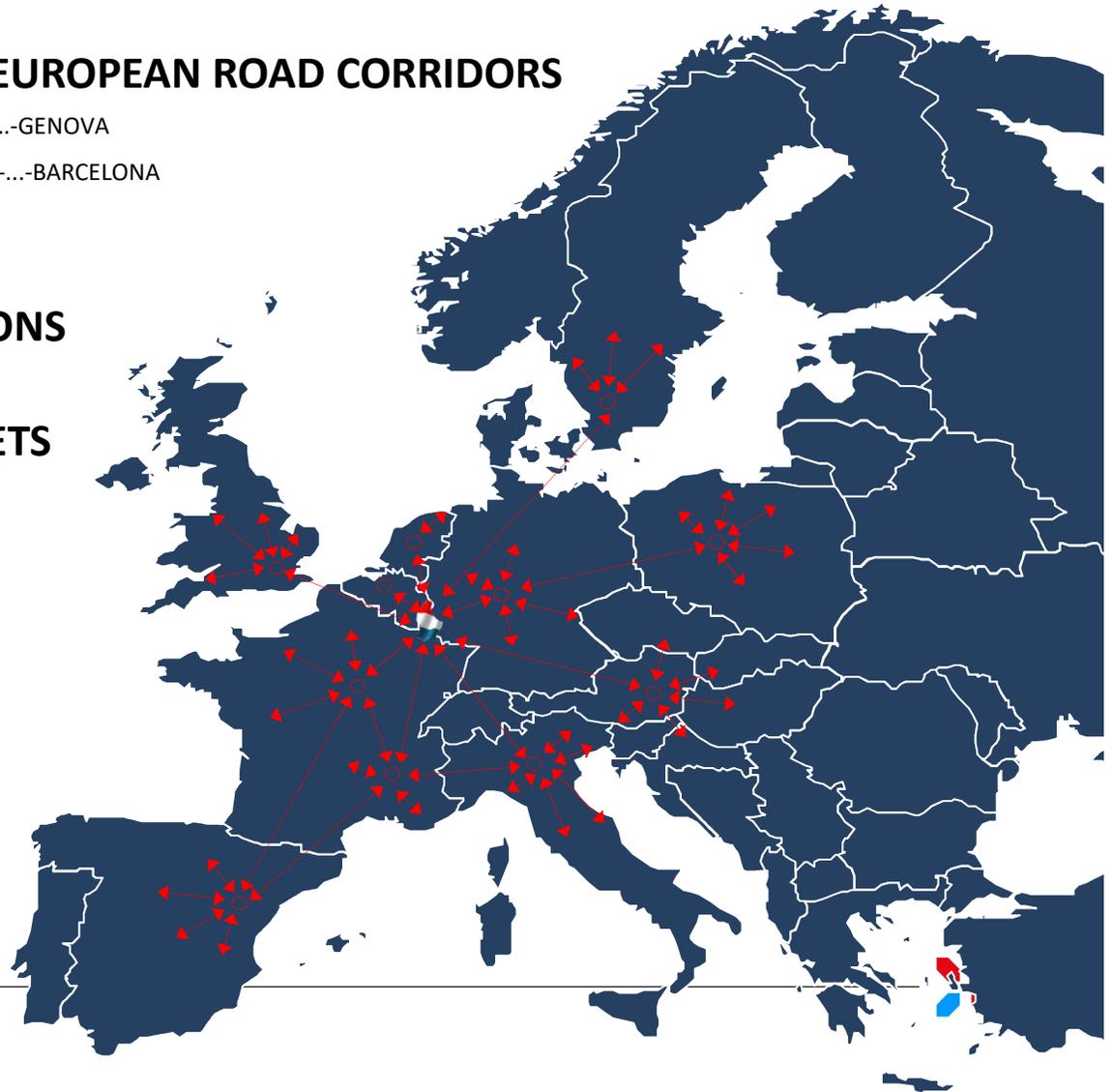
AT THE JUNCTION OF MAJOR EUROPEAN ROAD CORRIDORS

- E25(N-S): ROTTERDAM-...-LUXEMBOURG-...-BASEL-...-GENOVA
- E411/15(N-S): ANTWERP-...-LUXEMBOURG-...-LYON-...-BARCELONA
- E44 (E-W): LE HAVRE-...-LUXEMBOURG-...-GIESSEN

SCHEDULED ROAD CONNECTIONS

SHORT LEAD TIMES TO MARKETS

TRACK & TRACE SOLUTION



LOGISTICS HUB LUXEMBOURG

EASY AND FAST IMPORT/TRANSIT/EXPORT PROCEDURES

- A COOPERATIVE and EFFICIENT CUSTOMS ADMINISTRATION
- A PAPERLESS CUSTOM ENVIRONMENT
(E.G. e-CUSTOMS and IATA e-FREIGHT LOCATION)
- AUTHORIZED ECONOMIC OPERATOR / FISCAL REPRESENTATION
- A RECOGNIZED CERTIFICATION and HOMOLOGATION AGENCY (SNCH)
(FOR AUTOMOTIVE AND ELECTRONICS COMPONENTS)



Pictures: Cargolux



LOGISTICS HUB LUXEMBOURG

FIND THE RIGHT BALANCE BETWEEN THE KEY DECISIONS FACTORS



LOGISTICS HUB LUXEMBOURG

WAREHOUSE FACILITIES TAILORED TO YOUR NEEDS

IF SELF-MANAGED

↳ POSSIBILITY TO BUILD YOUR OWN WAREHOUSE FACILITY IN ONE OF LUXEMBOURG'S LOGISTICS PARKS

or

↳ RENT A WAREHOUSE FACILITY

IF OUTSOURCED TO A LOGISTIC SERVICE PROVIDER

↳ CAPITALIZE ON THE EXPERIENCE OF A CONTRACT LOGISTICS PLAYER



LOGISTICS HUB LUXEMBOURG

EUROHUB SOUTH – A NEW MULTIMODAL LOGISTICS PLATFORM

NEW INTERMODAL (RAIL/ROAD) TERMINAL

CAPACITY: - 300.000 CONTAINERS/YEAR
- 300.000 SEMI-TRAILERS/YEAR

PORTS OF THE NORTH SEA

PORTS OF THE MEDITERRAN SEA

LOGISTICS PARK

- ① TRANSALLIANCE
- ② WDP LUXEMBOURG
- ③ CFL MULTIMODAL

LAND AVAILABLE

GN Logistics

RAK

DPD

Post

Ampacet

Ruchan

A13 TO BELGIUM

A13 TO GERMANY

A13 TO FRANCE

13

LOGISTICS HUB LUXEMBOURG

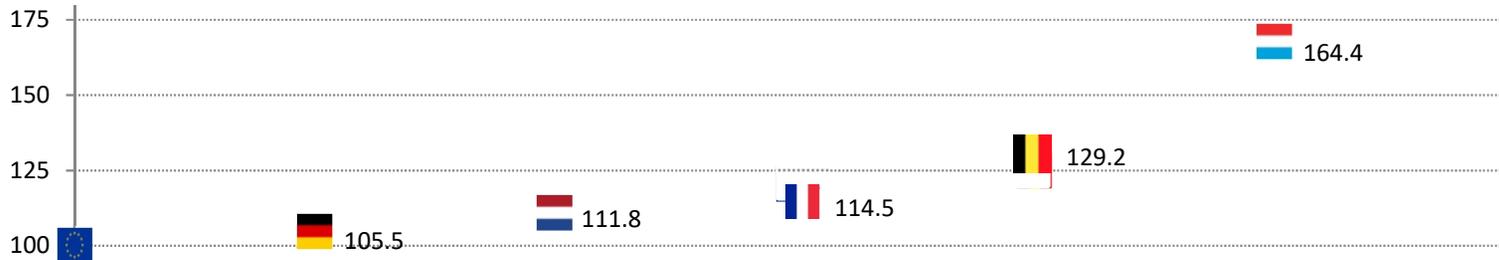
OPTIMIZING LABOUR COSTS VERSUS PRODUCTIVITY

LOW LABOUR TAX and SOCIAL CHARGES

- ↳ FOR EMPLOYERS & EMPLOYEES
- ↳ MAKING TOTAL LABOUR COSTS COMPETITIVE COMPARED TO NEIGHBOURING COUNTRIES

HIGHEST LABOUR PRODUCTIVITY IN THE EU

Labour productivity per person employed 2016, EU 28 = base 100



Source: Eurostat

STRONG NATIONAL COHESION

- ↳ CONTINUOUS DISCUSSION BETWEEN SOCIAL PARTNERS



LOGISTICS HUB LUXEMBOURG

KEY TAX CONSIDERATIONS WHEN IMPORTING GOODS INTO THE EU

IMPORTING GOODS GENERATES FROM THIRD COUNTRIES

- ↳ THE PAYMENT OF CUSTOMS DUTIES
- ↳ THE PREFINANCING OF VALUE ADDED TAX (INDIRECT TAX)



THIS HAS A NEGATIVE IMPACT ON TREASURY/CASHFLOW

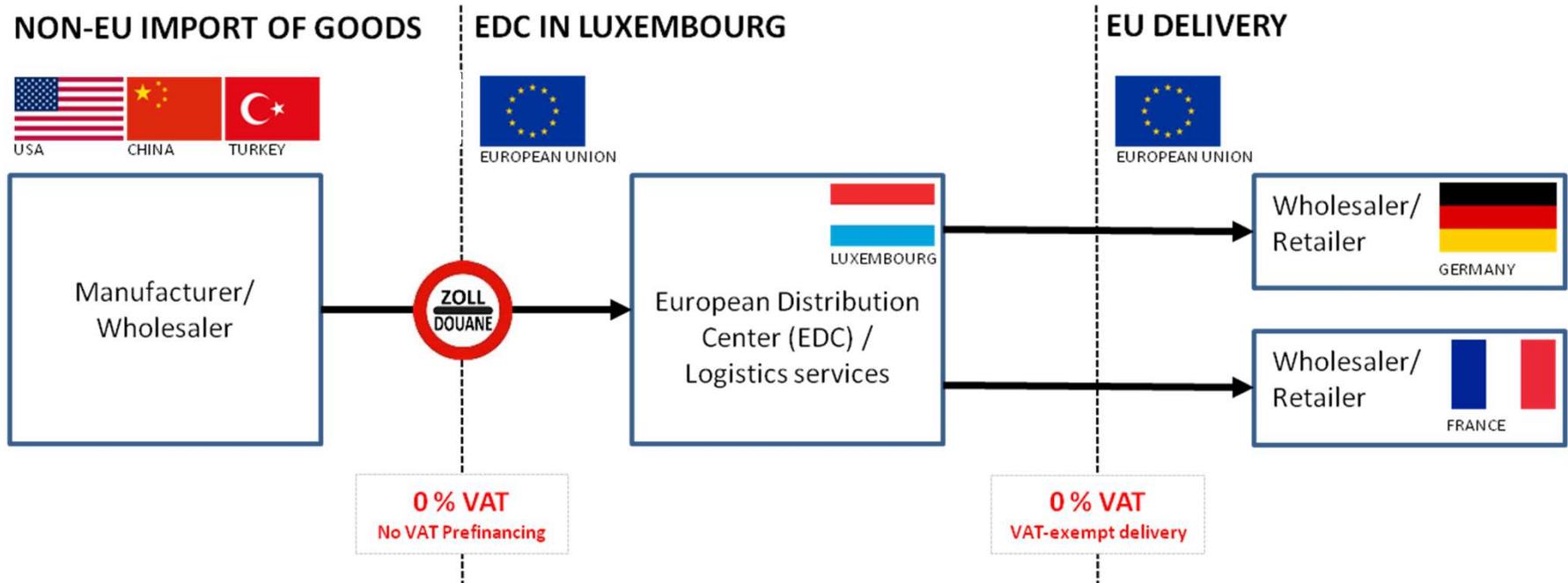
LUXEMBOURG OFFERS SOLUTIONS TO AVOID THIS DRAWBACK

- ↳ THE POSSIBILITY TO STORE THE GOODS IN A BONDED WAREHOUSE UNTIL A SELLING ORDER (WHICH ALLOWS TO POSTPONE THE PAYMENT OF IMPORT DUTIES)
- ↳ AN AUTOMATIC AND UNCONDITIONED VAT DEFERMENT MECHANISM FOR B2B SHIPMENTS (MEANING NO VAT PREFINANCING)



LOGISTICS HUB LUXEMBOURG

B2B - VAT DEFERMENT MECHANISM (NO VAT PREFINANCING)



➔ NO VAT IMPACT ON A COMPANY'S TREASURY



LOGISTICS HUB LUXEMBOURG

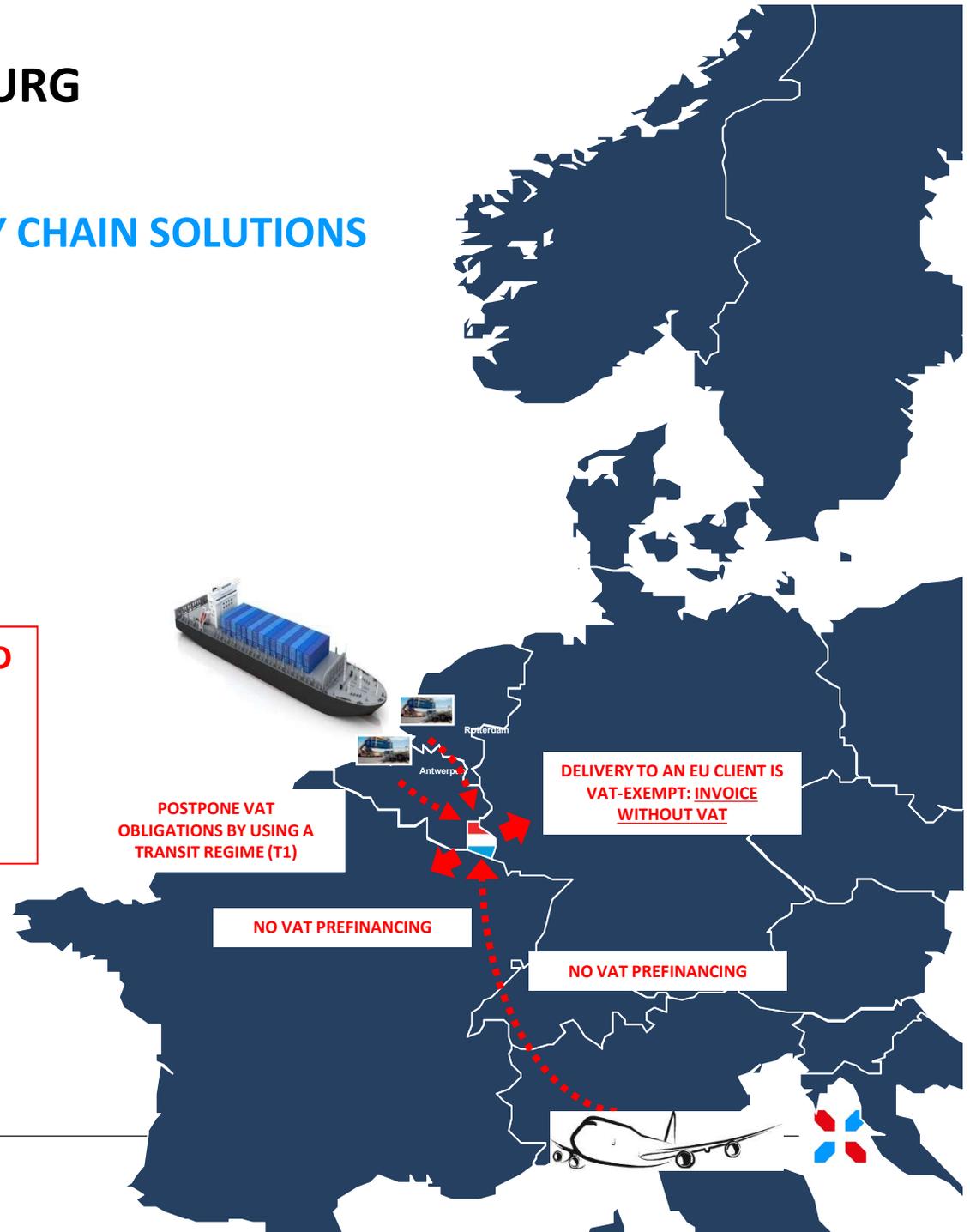
B2B - VAT DEFERMENT SUPPLY CHAIN SOLUTIONS

OPTION 1: IMPORT BY AIR

OPTION 2: IMPORT BY SEA + RAIL/ROAD

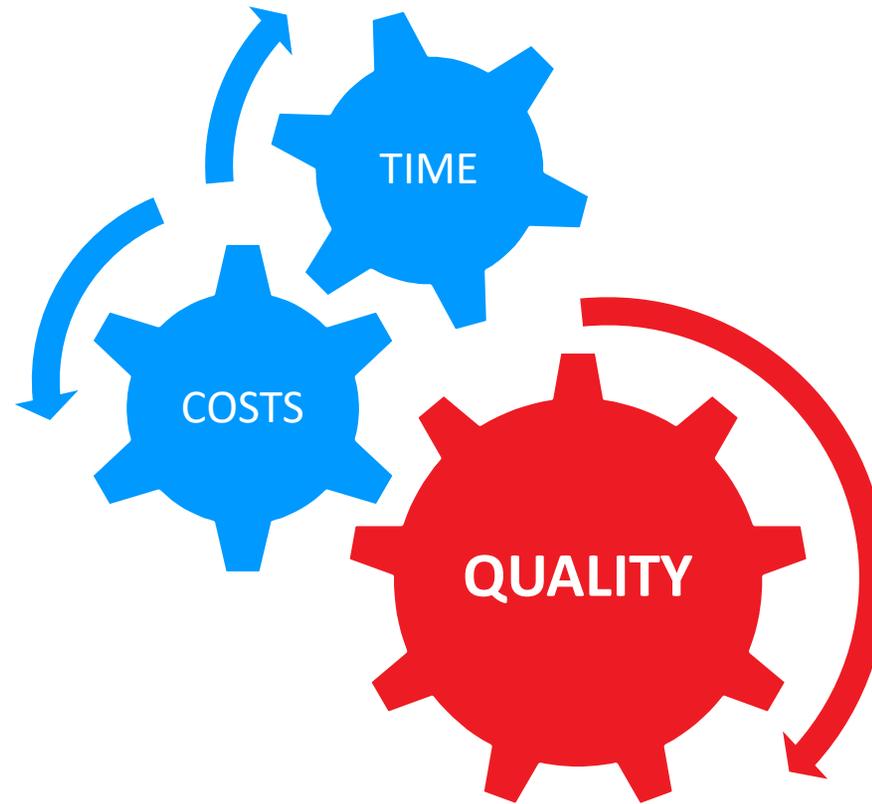
**IN LUXEMBOURG YOU DO NOT NEED
TO PREFINANCE VAT**

**IT'S AUTOMATIC AND
UNCONDITIONED**



LOGISTICS HUB LUXEMBOURG

FIND THE RIGHT BALANCE BETWEEN THE KEY DECISIONS FACTORS



LOGISTICS HUB LUXEMBOURG

A STABLE SOCIO-POLITICAL ENVIRONMENT

- SOUND MACROECONOMIC FUNDAMENTALS (AAA RATED)
- ACCESSIBLE AND BUSINESS MINDED GOVERNMENT

A FAVOURABLE LEGAL AND REGULATORY FRAMEWORK

- HIGH RESPONSIVENESS TO RELEVANT EU LEGISLATION
- PRO-BUSINESS LEGAL AND REGULATORY FRAMEWORK

A PROACTIVE ACTIVE GOVERNMENT INITIATIVES TO STRENGTHEN THE SECTOR

- CONTINUOUS STRATEGIC MONITORING
- ADAPTATION OF THE REGULATORY AND ADMINISTRATIVE FRAMEWORK
- DEVELOPMENT OF RELATED INFRASTRUCTURES



LOGISTICS HUB LUXEMBOURG

NEW BUSINESS AND MARKET OPPORTUNITIES (1/2)

A FULLY GDP-CERTIFIED PHARMA GATEWAY

■ MOST MODERN AIRCRAFT TECHNOLOGY: B 747-8F

- ABLE TO MAINTAIN DIFFERENT TEMPERATURE RANGES AT THE SAME TIME
 - +2°C TO + 8°C
 - +15°C TO + 25°C
- PREQUALIFIED TRACKING SENSORS ARE ALLOWED ON BOARD

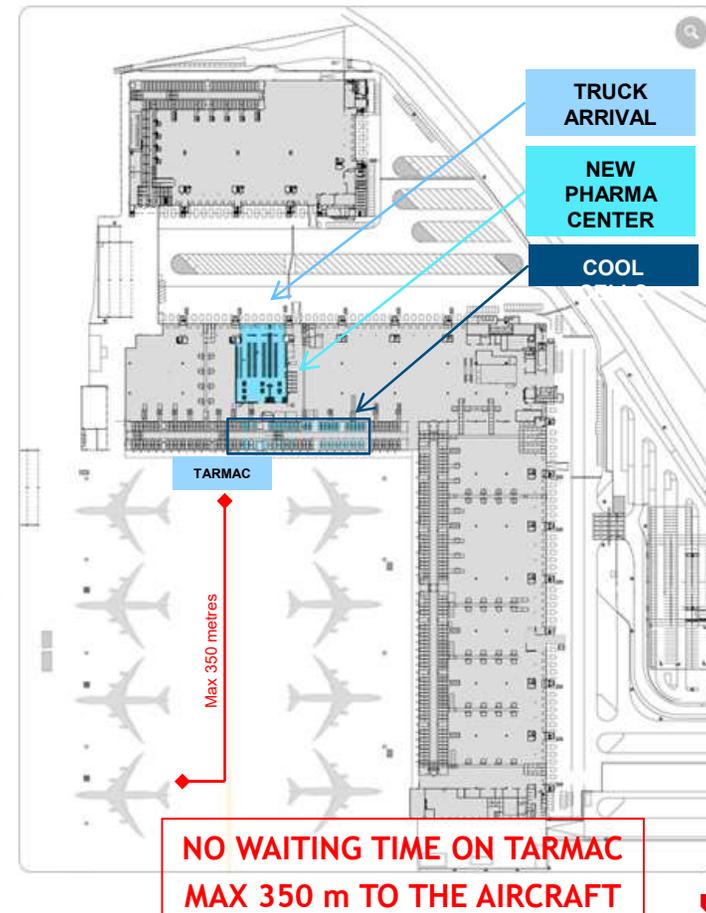
■ A DEDICATED PHARMA CENTRE AT THE AIRPORT

- 3.000 M2 WITH TWO DISTINCT STORAGE ZONES:
 - 1.600 m2 AMBIENT (+15°C to +25°C)
 - 818 m2 COLD (+2°C to +8°C)
- TEMPERATURE CONTROLLED BUILD-UP AREAS (+2°C to +25°C)
- 6 DEDICATED AND TEMPERATURE CONTROLLED TRUCK DOCKS
- HOTSPOT SYSTEM FOR TEMPERATURE MONITORING
- 35 COOL CELLS

■ DEDICATED LSPs OFFERING SECURED E2E SC SOLUTIONS

- TRACK & TRACING SOLUTIONS
- EFFICIENT AND ADAPTED ROAD FEEDER SERVICES

■ GDP CERTIFIED PLAYERS IN LUXEMBOURG



LOGISTICS HUB LUXEMBOURG

NEW BUSINESS AND MARKET OPPORTUNITIES (2/2)

DEDICATED SOLUTION FOR CROSS-BORDER E-COMMERCE

KEY FACTS

- ↳ CROSS-BORDER E-COMMERCE IS GROWING AROUND THE WORLD BUT IS NOT YET AT ITS FULL POTENTIAL
- ↳ GOODS DOMINATE CROSS-BORDER E-COMMERCE

MOST POPULAR OVERSEAS ONLINE SHOPPING DESTINATION



VARIOUS CROSS-BORDER E-COMMERCE MODELS (EU-FULFILMENT CENTER OR DIRECT SHIPMENT)

KEY ELEMENT TO TAKE INTO ACCOUNT WHEN CHOSING ONE OR THE OTHER:

- COMPLIANCE WITH NATIONAL LEGISLATION
- LEAD TIME TO CUSTOMERS
- VAT / IMPORT CUSTOMS IMPLICATIONS



LOGISTICS HUB LUXEMBOURG

AN ADVANCED ICT ENVIRONMENT FOR SUPPLY CHAIN MANAGEMENT

EXCELLENT INTERNATIONAL AND NATIONAL CONNECTIVITY

- FIBER OPTIC NETWORKS TO ALL MAJOR EUROPEAN POPs
- SATELLITE CONNECTIVITY
- INTERNET EXCHANGE POINTS (E.G. LIX, LU-CIX)

STATE OF THE ART INFRASTRUCTURES WITH HIGH SECURITY STANDARDS

- 23 DATA CENTERS, 8 WITH TIER IV CERTIFICATION
- SECURE IT SOLUTIONS (E.G. LUXTRUST SECURED CERTIFICATES)
- PRESENCE OF A HIGH PERFORMANCE COMPUTER BY 2018

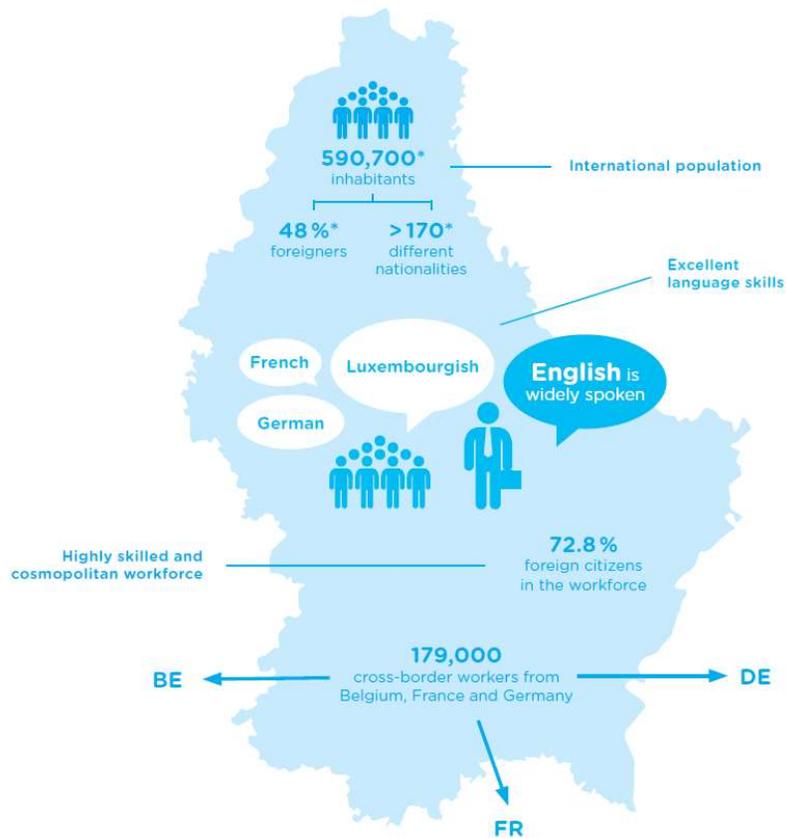
TOWARDS A FULLY PAPERLESS ENVIRONMENT

- SINGLE WINDOW FOR LOGISTICS (ONGOING PROJECT)
- E-CMR (PILOT PROJECT FOR ELECTRONIC CONSIGNMENT NOTE)



LOGISTICS HUB LUXEMBOURG

SKILLED AND MULTILINGUAL WORKFORCE



DEDICATED TRAINING PROGRAMS AT ALL LEVEL

FROM HIGH SCHOOL AND VOCATIONAL TRAINING TO MASTER DEGREE AND EXECUTIVE EDUCATION

2017 - LAUNCHING YEAR OF MASTER DEGREE



COMPANIES MANAGING SUPPLY CHAIN ACTIVITIES (TO NAME BUT A FEW)

4PL ACTIVITIES:
(TO NAME BUT A FEW)



SUPPLY CHAIN FUNCTIONS:
(TO NAME BUT A FEW)



PROCUREMENT ACTIVITIES:
(TO NAME BUT A FEW)



LOGISTICS HUB LUXEMBOURG

QUALITY SERVICES OFFERED BY KEY LOGISTICS SERVICE PROVIDERS...

(TO NAME BUT A FEW)



LOGISTICS HUB LUXEMBOURG

... AS WELL AS INTERNATIONALLY RECOGNISED PLAYERS FOR RELATED SERVICES

(TO NAME BUT A FEW)



TYVEK AIR CARGO COVERS

↳ FOR LIMITING THE EXPOSURE OF TEMPERATURE SENSITIVE PRODUCTS DURING THEIR SHIPMENT



AUTOMATED HEAVY-LOAD SYSTEM SOLUTIONS

↳ FOR AIRCRAFT MANUFACTURING AND MAINTENANCE TO AIR CARGO HANDLING PASSING THROUGH HIGH-BAY WAREHOUSING SYSTEMS



INTEGRATED IT SOLUTIONS FOR CONNECTING THE AIR CARGO COMMUNITY

↳ FOR AIRLINES, FORWARDERS, GROUND HANDLING AGENTS and GROUND SERVICES ADMINISTRATIONS



TRUSTED CONFIRMATION OF THE DIGITAL IDENTITY OF THE STAKEHOLDERS WITHIN A LOGISTICS CHAIN

↳ ASSURANCE OF DATA INTEGRITY, DATA SOURCE, AND DATA-ENCRYPTION DIRECTLY LINKED TO THE SOURCE AND THE RECIPIENT. LEGALLY BINDING ELECTRONIC SIGNATURE OF LOGISTICS ORDERS



CUSTOM MADE PACKAGING FOR AIR, SEA, RAIL AND LAND SHIPMENT

↳ INDUSTRIAL PACKAGING, INDUSTRIAL TRANSFER, CONTAINERIZATION, HANDLING OF HEAVY, FRAGILE, BULKY OR HAZARDOUS PRODUCT

LOGISTICS HUB LUXEMBOURG

SMART AND INNOVATIVE LOGISTICS: LOOKING TOWARDS THE FUTURE

NEW TECHNOLOGIES:

- ROBOTICS, AUTOMATION & AI
- BIG DATA & ANALYTICS
- INTERNET OF THINGS
- 3D PRINTING
- BLOCKCHAIN

WILL RESHAPE PROCESSES
ALONG THE ENTIRE LOGISTICS VALUE CHAIN



TO KEEP PACE WITH TECHNOLOGICAL CHANGES,
LOGISTICS SERVICE PROVIDERS WILL NEED TO INVEST IN
"INNOVATION OR STARTUPS "

LUXEMBOURG SUPPORTS THE DEVELOPMENT OF INNOVATIVE SOLUTIONS BY

- RESEARCH, DEVELOPMENT AND INNOVATION FINANCIAL SUPPORTING SCHEMES
- COLLABORATION OPPORTUNITIES WITH RESEARCH INSTITUTES
- JOINT PHD INDUSTRIAL RESEARCH PROJECTS WITH THE LUXEMBOURG CENTER FOR LOGISTICS AND SUPPLY CHAIN
- A START-UP ECOSYSTEM IN ORDER TO EASE THE DEVELOPMENT FROM EARLY TO LATE STAGE

EXAMPLES OF STARTUPS ACTIVE IN THE FIELD OF LOGISTICS IN LUXEMBOURG:

NEKTRIA

Daanuu



LOGISTICS HUB LUXEMBOURG

LUXEMBOURG RANKS N°2 WORLDWIDE

Connecting to Compete

2016

Trade Logistics in the Global Economy



The Logistics Performance Index and Its Indicators

#2
top logistics performer in the world

#1
in category "Timeliness"

#1
in category "Ease of arranging shipments"



SOURCE: WORLD BANK LOGISTICS PERFORMANCE INDEX (2016)



**WHAT MAKES LUXEMBOURG STAND APART
IS THE FACT THAT IT MANAGES TO COMBINE
A UNIQUE SERIES OF ASSETS**

