Why Luxembourg?

In today’s competitive world, the ability to accurately assess the attractiveness of countries or markets becomes increasingly important for companies operating on a global scale. The facts leave no doubt that Luxembourg has much to offer in this respect. Comparisons with other countries facilitate its attractive business environment and its capable performance in many areas.

However, what makes Luxembourg stand apart is the fact that it manages to combine a unique series of assets:

1. Sound economic fundamentals
   - Reckoned as one of the world’s most open economies, Luxembourg has successfully navigated even the most severe storms of the global economic crisis. Its relatively small size has enabled it to develop a high degree of flexibility and agility.
   - Its diversified economy, based on a wide range of sectors, has enabled it to maintain a high level of employment and a low unemployment rate.
   - Its favorable tax environment, combined with a high level of legal certainty, has attracted many international businesses.

2. A long industrial tradition
   - The industrial tradition in Luxembourg dates back to the late 19th century and its successful diversification and innovation have allowed the country to create an exceptional workforce whose skills and expertise are internationally recognized.
   - Luxembourg’s strong focus on research and development, combined with a highly educated and motivated workforce, has made it a leader in many sectors.

3. Sound social and political stability
   - Social conflicts in the Grand Duchy are avoided by regular consultations between the various social partners and the Government.
   - These are just some of the reasons why Luxembourg has rarely been a crisis in the last 80 years.

4. Luxembourg: connecting people
   - Located in the “Heart of Europe”, Luxembourg offers well-developed transportation and communication networks. Its international airport and rail system as well as the Luxembourg International Airport link the country with economic and political centres throughout the world.

5. An exceptional business environment
   - Luxembourg’s economic policies value the strength of private initiative and innovation. A free-market approach gives businesses broad freedom of action. It is a small country where business can be developed early and directly, avoiding cumbersome administrative red tape.
   - The Government is willing to provide tailor-made incentives for investment, research and development.

6. A high quality of life
   - A high standard of living as well as a comparatively low cost of living is a competitive environment, providing an environment in which to build future development and success. One of the key factors that contribute to this is the high level of education and skills of the workforce.

7. Luxembourg, THE AUTOMOTIVE SPECIALIST
   - The Grand Duchy of Luxembourg is an attractive location for international businesses, thanks to its open and flexible approach, well-educated and motivated workforce, a high level of education, and the support of the Government.

In Luxembourg we can count on quick and non-bureaucratic Government support for any business-related needs and on well-educated and motivated employees displaying a great language and technical skills.

Olaf Gehrels
President & CEO
FANUC Robotics Europe S.A.

Hermann Lange
CFO
Goodyear Luxembourg

“Luxembourg is a great place to do business. The Government is very supportive and the people are very welcoming.”

Henri van Langen
CEO
Generali Luxembourg
Luxembourg at the crossroads of the European automotive market

Europe is the largest automotive market worldwide. With more than 15 million new passenger cars registered every year, it represents eight of the global market. Europe is also the leading producer of motor vehicles in the world, with eight of the world’s top 10 car manufacturers producing here.

Luxembourg is centrally located in the automotive heart of Europe. All the crossroads between Germany, France, Belgium, and the UK, as well as transport links to the major European car manufacturers and assembly plants. It is an ideal location for component suppliers with a multi-customer base to deliver car manufacturers and assembly plants. It is an ideal location for Luxembourg to be a key location for the automotive industry.

Opportunities for automotive component suppliers

Component suppliers contribute up to an average of 20% of the total value added of a car by 2015. They provide the largest centre of automotive component infrastructure in the EU. Component suppliers contribute up to an average of 70% of the total value added of a car. By 2015, their input is expected to be more than 15 million new passenger cars registered every year, it represents eight of the global market. Europe is also the leading producer of motor vehicles in the world, with eight of the world’s top 10 car manufacturers producing here.

Car manufacturers are relying on suppliers not only for manufacturing but also for an increasing number of other purposes, such as module assembly systems and component design, and systems integration. Therefore, they will increasingly outsource technology development to suppliers.

In Luxembourg the automotive industry is at home

Luxembourg has become a key location for first and second tier suppliers to the automotive industry. They employ more than 30,000 people on more than 150 sites. Key component suppliers have chosen Luxembourg for its highly competitive business environment. Luxembourg provides a stable and predictable economic, social and political climate.

All car manufacturers in Germany, France, and the United Kingdom, as well as the assembly lines in Belgium and the Netherlands, can be supplied from Luxembourg on a same-day delivery basis.

Luxembourg-based companies catering to the European market offer an increasing number of products and technologies including:

- Engine management systems
- Air conditioning systems
- Driver assistance
- Electronic steering and suspension systems
- Occupant sensing systems
- Pedestrian protection systems
- Interior input devices
- Sensors in a wide variety of temperatures and load types
- Battery charging
- Infotainment
- High-speed Ethernet
- Keys, door locks and fobs
- Temperature sensors and thermistors
- Safety systems
- Gearboxes
- Catalysts
- Inertial systems
- Synthesis materials

Many companies are directly or indirectly involved in the automotive component industry. A few are listed below:

- Accumalux
- Delphi
- Dometic
- ELH
- Faurecia
- Guardian
- Goodyear
- IEE
- Renault Europe
- Tarkett
- TrefilArbed
- TrefilReichert
- ewald giebel / Novelis / galvalange
- Hitec
- Reichert
- Aerosol
- Kelsa
- Faurecia Automotive
- Axa
- Famous
- Faithfull
- Bostik
- Branco
- Comfort
- Natuna
- Oker

Thanks to the central location and the outstanding technologies, all car manufacturers based in Europe for top BMW (Leclerc, Citroën, Ford, PSA, Renault, Nissan, Toyota) or even to their highest satisfaction products "made in Luxembourg". Automotive component suppliers are also expected to assist major suppliers in the USA and Asia.

Next to the products manufactured in Luxembourg, a variety of services are also offered to the automotive industry (luxcons) and IEE specialises in the certification and approval of vehicles and components for the European market and also in the field of car and customer-oriented assistance.

Research, development and innovation: the key to success

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Research, development and innovation are key factors ensuring the future competitiveness and success of the automotive component industry. Luxembourg is well aware of these challenges and therefore the Government is encouraging R&D activities and has launched a "cluster" programme to support joint research by two or more companies.

Many companies, such as Goodyear IEE, Guardian, and Delphi have major R&D centres in Luxembourg. These technical centres employ approximately 2,000 people.

The Public Research Centres also provide support in the R&D process of business. Luxembourg Public Research Centres specialise in materials analysis, characterisation, surface treatments, nanotechnologies and information technologies. IEE and the Public Research Centre - Gabriel Lippmann are cooperating in the field of R&D on automotive components.

Luxembourg, the Luxembourg agency for the promotion of innovation and research, provides information on EU and national funding programmes and assists in the formulation of R&D programmes.

As Intellectual Property is key to every innovative company, Luxembourg has put into place an R&D tax exemption for income on income-related income if it is used to develop new products, trademarked, design, models or software copyrights acquired in or created after December 31st 2003. Furthermore, on January 1st 2009, net wealth tax was abolished on qualifying activity.