LUXEMBOURG, YOUR PRIME BUSINESS LOCATION
Luxembourg, your gateway to the European market
Luxembourg, your prime business location

2 Welcome
4 The keys to success
6 Research, Development and Innovation
8 A dynamic economy
18 Custom-made investment incentives
19 A good place to live
20 Contact us
21 Useful links

BUSINESS CARD
Area: 2,586 sq km
Population: 500,000 inhabitants (44% foreign)
Languages: Lëtzebuergesch (mother tongue), French, German, English
Currency: Euro
Political System: Constitutional Monarchy | Parliamentary Democracy
Head of State: HRH Grand Duke Henri

EUROPEAN UNION CAPITAL
European Commission Services (Translation, Publications, Statistics) | European Court of Auditors |
European Court of Justice | European Investment Bank | European Investment Fund |
Secretariat of the European Parliament

FOUNDING MEMBER OF MAJOR INTERNATIONAL ORGANISATIONS
BENELUX | Council of Europe | European Union | NATO | OECD | United Nations

ECONOMIC HIGHLIGHTS
Wide open economy
High growth potential
Balanced macroeconomic fundamentals
Diversified industry | International financial centre
Modern infrastructures
Excellent connectivity to markets
Welcome

Located in the heart of Europe, Luxembourg is the ideal gateway to the European market with over 500 million consumers. Due to its political and social stability, skilled and multilingual workforce, state-of-the-art infrastructures, excellent connectivity to markets, favourable legal environment and attractive tax climate, Luxembourg offers an exceptional range of assets and opportunities for doing business in Europe.

The Luxembourg Government has always pursued a pro-active economic development policy, making possible for Luxembourg to become an international financial centre and establishing itself as a prime business location.

Recently the Government has put emphasis on emerging and innovative technology-based activities such as ICT, e-commerce, media, automotive components, materials, plastics, logistics, environmental and health technologies.

Today, the results of this policy are clear: Luxembourg is home to some of the most successful global companies.

Small is beautiful! The modest dimension of the Luxembourg economy is the key to explaining its historic openness to larger markets. With a population of about 500,000, foreign trade is the main vector for economic growth. More than 80% of the goods and services produced in the Grand Duchy are exported, almost entirely (up to 85%) to the European market. Nevertheless, the Grand Duchy will persevere in its efforts to extend its presence in markets outside the EU in order to reduce its vulnerability to external shocks and to further develop through trade.

Our Trade and Investment Offices around the world have the mission to further strengthen our trade and investment relations and are promoting Luxembourg as a prime location for companies eager to expand into Europe, and they are assisting Luxembourg-based businesses in their exporting endeavours. Therefore, should you consider expanding your production, service or sales activities in Europe, do not hesitate to contact us directly. We are entirely at your disposal and we would be pleased to explain, one-on-one, the advantages Luxembourg provides for the special aims and needs of your development plans.
« ...economic and political stability are preserved thanks to a broad consensus for sustainable development. Luxembourg supports economic openness, strengthening of foreign relationships and integration into larger markets... »

Prince Guillaume of Luxembourg
Honorary Chairman of Luxembourg for Business

« The competitiveness of the Luxembourg economy is to a large extent ensured by the competences, the cross-border thinking, the mobility and the cosmopolitan nature of its workforce... »

Jeannot Krecké
Minister of the Economy and Foreign Trade
The keys to success

○ An attractive business environment

Luxembourg’s economic policies are based on the strengths of private initiative and innovative spirit. A free market approach gives business broad freedom of action. Rigid bureaucracy and cumbersome red tape are unknown. The Luxembourg Government actively encourages investment and innovation through a legal and regulatory framework designed to support business creation and economic development. Luxembourg’s fiscal climate is among the most favourable in Europe with the lowest VAT rate, moderate corporate income tax and an attractive personal income tax.

○ High productivity

The vitality of the Luxembourg market is for a large part due to the competences and the hard-working mentality of its people. Cross-border thinking, mobility and the cosmopolitan nature of its workforce, of whom one third commutes each day from the three neighbouring countries, contribute to the high productivity of the Grand Duchy. The language skills of the workforce enable our companies to proudly claim: We speak the language of our customers.

○ Social and political stability

Social conflicts can usually be avoided thanks to regular consultation between the social partners and the Government, known as the “Luxembourg Model”. This is just one of the reasons why there has hardly been a strike over the last century! Coalition Governments have traditionally contributed to political stability and continuity of economic policies.

Ten good reasons why Luxembourg is the competitive alternative in Europe:

○ Strategic geographical location
○ Open, neutral and safe
○ Easy access to decision-makers
○ Business-friendly legal and regulatory framework
○ Rewarding tax environment
○ Competitive business costs
○ Highly skilled, multilingual workforce
○ State-of-the-art infrastructures
○ Investment and R&D incentives
○ High quality of life
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Research, Development and Innovation

O A high technology environment

Research, development and innovation are key factors in ensuring competitiveness and success of today's modern industries. Luxembourg is well aware of these challenges and therefore the Government has set up a research driven University, as well as Public Research Centres which are working in close collaboration with universities just across the border in Belgium, France and Germany. Their missions are to boost and foster R&D activities in Luxembourg, to encourage technical and scientific cooperation as well as technology transfer between the public and private sector and to stimulate the development of new economic activities.

O R&D support and IP management

In the Luxembourg knowledge-based economy, innovative enterprises are encouraged to multiply their R&D activities through direct financial support of up to 50% of the costs of an industrial research project and up to 25% for a pre-competitive development project. The law passed in 2009 foresees even greater support for SMEs which can also qualify for co-financing by the Government of consulting, temporary hiring of experts and protection of Intellectual Property. The Government also encourages companies to collaborate with Research Institutes.

Luxinnovation, the National Agency for the Promotion of Innovation and Research provides free of charge tailor-made assistance on national and European funding programmes. The Agency will assist you with identifying abilities and requirements, finding the right instruments and contacts for financial and technological support and planning the various stages involved in setting up and managing projects.

As Intellectual Property is key to every innovative company, Luxembourg has put into place an interesting fiscal environment for IP. Income from patents, trademarks, design, models, software copyrights or domain names acquired or created after December 31st 2007 benefit from an 80% tax exemption. This may apply also for deemed IP-income if the IP is created for a company's own use. Capital gains generated on IP will also be exempt up to 80%. Furthermore, on January 1st 2009, net wealth tax was abolished on qualifying IP.

PUBLIC RESEARCH CENTRES

The Gabriel Lippmann Public Research Centre focuses on new material and nanotechnology, on sustainable management of natural resources, on technologies of the information society as well as on automotive equipment.

The Henri Tudor Public Research Centre seeks primarily to promote ICT innovation in the private and public sectors through R&D projects, technology transfer, technological assistance and advice, but also focus on advanced materials, environmental and health technologies.

The Public Research Centre for Health organises and coordinates national health-based research and fosters the transfer of knowledge in the fields of virology, immunology, oncology, cancer research and cardiology.
A dynamic economy

○ An international financial centre

Luxembourg plays a sophisticated key role in the world financial system. Its fund administration sector is the second largest in the world due to its pre-eminent role in the European market, services which are also proving successful in Asia, the Middle East and South America. Private banking is the other main pillar of the financial industry: it is the largest in the eurozone and is ranked sixth in the world. The country has expertise in other domains, too, being an attractive base for life insurance and reinsurance companies, including leadership in the area of “captive”. In total, finance provides directly around a quarter of the country’s national wealth.

This success can be attributed to a combination of factors. The country has built a reserve of expertise and its diminutive size gives it an outward-looking mentality, which is augmented by the multilingual, multicultural workforce. It operates against the backdrop of a stable political and social environment, supported by firm but sensitively-applied regulation. Laws are drawn up in consultation with the industry, with all parties eager to offer solid investor protection and robust action against money laundering. Financial firms are thus able to benefit from a range of flexible and sophisticated investment vehicles.

Luxembourg is also a popular centre for corporate finance, with many multinational groups establishing their head offices in the country. The stock exchange also has an important niche role, specialising in the listing of bonds, with more than 3,500 issuers from over 100 countries present. A special effort is currently being made in terms of Islamic finance. Luxembourg is the home of the leading international clearing and settlement house Clearstream.

○ Headquarters

In their quest for competitiveness, companies active internationally are increasingly looking to optimise their organisational corporate structure by either establishing regional headquarters, relocating headquarter functions or relocating their global headquarters. Through its business-friendly environment, Luxembourg has attracted European headquarters of many global companies such as Amazon, eBay, DuPont Teijin Films, Fanuc (Robotics and CNC), Guardian and Rakuten which conquered the European market through the Grand Duchy. More and more companies establish also their global headquarters in Luxembourg, as did for example ArcelorMittal, SES, Delphi (Powertrain Systems) and Cargolux, to name but a few.

With its rewarding tax environment and its business friendly legal and regulatory framework, Luxembourg is a well established jurisdiction for holding companies, known for the comprehensive participation exemption regime. The high standard of living provides an excellent home to top managers and their families and helps attract international staff. Through excellent flight and high speed train connections, management and sales people can access rapidly to the European capitals. The highly skilled multi-lingual workforce provides a valuable resource for corporate functions such as financing and accounting (trained at the financial sector), for sales and marketing, supply chain management and logistics as well as for R&D activities and IP management. The state-of-the-art IT infrastructures and redundant broadband connectivity makes Luxembourg also the place to locate data centres and IT functions.
Luxembourg, your prime business location.
Luxembourg’s international airport is the 5th largest freight airport in Europe and home base of Cargolux, Europe’s leading all-cargo airfreight carrier. The global network of Cargolux and other Cargoairlines offer multiple daily destinations to all continents making Luxembourg a true global distribution platform. With its modern and well-equipped air freight handling facilities, LuxairCargo offers secure, efficient and speedy ground handling making Luxembourg one of Europe’s most efficient airfreight hubs. Moreover, CFL Cargo (conventional rail freight) and CFL Multimodal (containers) operate daily railway connections to the ports of the North Sea making Luxembourg also a hinterland port of Antwerp, Zeebrugge, Amsterdam, Rotterdam and Hamburg.

In addition, an important number of qualified players (i.e. handling agents, forwarding agents and logistics services providers) provide quality service allowing just-in-time access to all European countries.

World-class logistics players such as Cargolux, China Airlines, Cobelfret, DB Schenker, DHL, Kühne+Nagel, Morrisson Express, Nippon Express, Panalpina, TNT, Yangtze River and Yusen Air & Sea, to name but a few, have already chosen Luxembourg as an operating base for added value logistic activities. As a result, numerous international companies are shipping their products through Luxembourg to tap into the European market.

Many good reasons why Luxembourg is a competitive logistics hub:

- Central location in the European market
- Excellent connectivity to markets
- Aircargo flights to 90 destinations around the world
- Speed of ground handling at airport
- Excellent service offered by many operators
- Quality dialogue with customs administration
- No VAT pre-financing
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Media, ICT and e-commerce

Luxembourg has successfully embraced the IT revolution while strengthening its position in the media sector linked to the long-term presence of two home grown European giants in the field, namely RTL Group in media and SES in satellite transmissions. Other multimedia and telecommunications companies have since followed suit, leading to the growth of Luxembourg’s vibrant and closely-knit ICT network.

With its first-class infrastructures and telecommunication networks, as well as a culture of trust and security reflected by an appropriate legal framework, Luxembourg thrives as the ideal place to serve as a global hub for the distribution of digital audiovisual content, such as music downloads, video-on-demand, pay TV and digital radio and television transmissions.

Home to the ‘stars’ of the ICT sector, Luxembourg hosts Amazon, iTunes, eBay, PayPal, Vodafone, RealNetworks, Rakuten, Skype and many other ICT companies which selected the Grand Duchy as a platform to access worldwide markets. Having a listening and responsive Government has played an important role in all these establishments. For example, seeing that the private sector supply may not keep pace with demand, the Government is backing the Teralink and the Luxconnect fibre optics networks which guarantee that local players have all the bandwidth they need to serve their clients. Since the creation of Lu-CIX in 2009, Luxembourg also has its own commercial Internet exchange point. Equipped with fully redundant backbone connections to Paris, Frankfurt, Brussels, London etc., a first rate supply of data centres and a range of business incubators, the infrastructure is in place to allow e-commerce to thrive.

Since 2005 Luxembourg has been the first country in the European union, with a national Public Key Infrastructure (LuxTrust PKI, a private company), providing online certification (based on qualified certificates) both for e-government applications and for the private sector (e-banking, e-commerce, etc).
Health technologies

As scientists unlock the human genome and map perturbation networks there is the prospect of personalised medicine, which will have huge human and commercial implications. As well as being able to provide individuals with a more targeted care, this branch of the health industry also holds vast business opportunities, particularly in Europe with its ageing population.

Luxembourg has staked its claim by teaming up with two world-renowned American research institutes - the Translational Genomics Institute (TGen) and the Institute for Systems Biology (ISb) in Seattle - as well with the Phoenix-based Partnership for Personalised Medicine (PPM) initiative, which will cooperate with local experts from the University and Public Research Centres on three projects: a biobank, a systems biology centre and a research cooperation to validate markers for lung cancer. Backed with substantial public funding, this initiative aims helping the country raise its profile in the global research community and augment local expertise, more particularly in the field of molecular diagnostics. Using the country’s traditional openness, the biobank will be accessible to international research projects. The project will also benefit from the expertise in IT data security which has been developed within the financial sector.

Other domains more particularly targeted are medical and diagnostic devices. Indeed, situated at the intersection between technology and biomedicine, these sectors offer interesting opportunities for synergies with well-established research and economic activities, such as material sciences, clinical engineering and plastics industry. Support services, such as IT specialists, IP management and logistics constitute a further development niche where Luxembourg can build on existing strengths as well as on the state-of-the-art equipment of its public research centres and its university. The Government remains nonetheless open to other opportunities that may arise in the framework of either major research projects or of business ventures.

Environmental technologies

Sustainable development is now a key growth industry and Luxembourg is committed to using its unique talents to find solutions to cut pollution and waste as well as creating wealth. Significant activity in green technologies is under way and the Government’s “Luxembourg’s Eco-Technology Action Plan” gives local green entrepreneurs financial and networking encouragement to research ideas in this potentially revolutionary field. There are already nearly 200 eco-companies in the country, working mainly in renewable energy, waste management, water and eco-construction supported by 28 public agencies and six research institutes.

There are numerous examples of how Luxembourg-based firms are globalising their innovations. The Société Electrique de l’Our (SEO) is boosting investment in hydro and wind power generation for both domestic use and export and Epuramat has developed a revolutionary waste-water processing system. A waste management concept has been elaborated by Eco-Conseil in the United Arab Emirates and L.E.E.’s biogas plants are finding favour in European and Asian markets. China has been open to Rotarex’s compressed natural gas (CNG) conversion kits which slash pollution from old cars and motorbikes and Prefalux technology is keeping scientists safe and warm.
Research facilities offer interesting possibilities, including the "Environment and Agro-biotechnologies" department of the Gabriel Lippmann public research institute. They specialise in digesters to assist research into areas as diverse as biogas, waste-water transformation and biopolymer production. Luxembourg is also proud of its national Resource Centre for Environmental Technologies (CRTE), which leads in the areas of life-cycle analysis, eco-design, eco-construction and renewable energies.
The automotive components industry
Luxembourg has become a key location for first and second tier suppliers to the automotive industry. At the crossroads between Belgium, France and Germany, Luxembourg is a commercially neutral location for component suppliers with a multi-customer base to deliver their products fast and reliably. The Grand Duchy offers “just-in-time” access to the major European car manufacturers and assembly plants. Car manufacturers in Belgium, France and Germany as well as assembly lines in the Netherlands and in the United Kingdom can be supplied from Luxembourg on a same day delivery basis.
It is not a coincidence that global players such as Accumalux, Delphi, ELTH, Fanuc Robotics, Goodyear, Guardian Automotive, Hyosung, IEE, Raval Europe and Sam Hwa Steel, to name but a few, have chosen Luxembourg as their primary manufacturing or R&D base.

Materials
Luxembourg is known for being an all-round innovative engineering and technology base for the iron & steel industry, the non-ferrous products sector, as well as for the glass and cement industries.
Many companies specialising in materials have set up major production plants and highly sophisticated R&D centres in Luxembourg. International companies such as ArcelorMittal, Avery Dennison, Euro-Composites, Guardian Glass, DuPont de Nemours and many more propose a range of innovative and tailor-made products and services to customers all over the world.

Plastics
Plastics and in a broader sense the chemical industry, are thriving pillars of the Luxembourg industrial sector. Fierce global competition compels these industries to a constant process of innovation and incessant productivity gains.

The Luxembourg business environment, notably the financial incentive schemes and the tax system, are encouraging companies to persevere in their quest for enhanced competitiveness. Given this background it does not come as a surprise that companies like Goodyear, DuPont, McBride, Husky, Dometic, Plastipak or Cosmolux are successfully operating from Luxembourg.
Luxembourg, your prime business location
Luxembourg offers a full range of custom-made support designed to give a head start to new ventures.

**Industrial sites**
Land may be provided at favorable rates in one of the numerous national, regional or municipal industrial parcs. The industrial sites are fully equipped with all public infrastructures and utilities: connection to transport and telecommunications networks, supply of water, sewer, electricity and natural gas. All are located close to major international highway, railway and airport networks.

**Incubators**
Business and innovation centres offer a platform to host and assist entrepreneurs or technology-based companies wishing to establish a new and innovative activity in Luxembourg.

Incubators provide the appropriate support and advice to new projects, thereby facilitating their development and growth. They also serve as relay-centres offering a temporary location to foreign companies setting up their business in Luxembourg.

**Financial support**
Financial support may be granted for the funding of specific projects in order to complement equity and bank financing. Support may be granted to small and medium-sized companies and to companies located in development areas. Financial support for research, development and innovation investment focusing on new products, services or processes, as well as for environmental protection or efficient energy utilisation is possible.

Capital grants from the Government as well as medium and long-term loans from the National Credit and Investment Corporation (SNCI) are available.

**Rewarding tax environment**
Beside the lowest level of VAT in the EU, Luxembourg’s effective corporate income tax is among the most favourable in Europe. Accelerated depreciation and tax credits, applied to qualifying investments, complete the attractive tax climate, thus contributing to a successful start-up and to a high return on investment.
Luxembourg City offers the vibrant, cosmopolitan atmosphere of a European capital and yet it is only a few minutes away from sweeping forests, splendid views and picturesque historical sites. The Grand Duchy, also known as the Green Heart of Europe, is famous for the beauty of its nature. Discover and savour the four tourist regions, each with its distinctly different countryside: the wooded crests of the Ardennes alternate with the softly undulated vine slopes of the Moselle river or the rock formations of the Mullerthal, contrasting with the industrial and architectural heritage of our country in the “Land of the Red Rocks” of the south. In this unique, protected natural setting, a sportsman can find everything he could possibly wish for: from hunting to fishing, biking to sailing, jogging to golfing, cross-country to water-skiing, outdoor activities abound.

Culture

At a cultural level, Luxembourg offers first-class theatre, music and cinema programmes. The Neumünster Abbey, the Philharmonic Hall, the Centre for Amplified Music (Rockhal) and the Sports and Cultural Centre in Kirchberg, to name but a few, are newly-built modern infrastructures for cultural and social activities. Luxembourg offers high quality museums, with the National Museum for History and Art, the Museum of History of Luxembourg City, the National Museum of Natural History, the Municipal Art Gallery and the Museum of Modern Art.

Education

Luxembourg is also proud of its high education standards. The establishment of the University of Luxembourg with its Faculty of Science, Technology and Communication, the Faculty of Law, Economics and Finance and the Faculty of Humanities, Arts and Educational Science has given an additional dimension to the education system in Luxembourg. The cosmopolitan character of the Grand Duchy is reflected even more through other established international schools, like the European School, the French Lycée Vauban, the British St. George’s School, and the International School, catering to the English-speaking community.
Contact us

**In Luxembourg**

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**Throughout the world**

We have a broad network of representatives in more than 150 locations worldwide which can support you in doing business from and with Luxembourg.  
To consult our network of Trade and Investment Offices, go to our website at [www.luxembourgforbusiness.lu/international_network](http://www.luxembourgforbusiness.lu/international_network).

Useful links

<table>
<thead>
<tr>
<th>General information</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxembourg for Business:</td>
<td><a href="http://www.luxembourgforbusiness.lu">www.luxembourgforbusiness.lu</a></td>
</tr>
<tr>
<td>Luxembourg for Finance:</td>
<td><a href="http://www.lff.lu">www.lff.lu</a></td>
</tr>
<tr>
<td>Ministry of the Economy and Foreign Trade (Invest in Luxembourg):</td>
<td><a href="http://www.investinluxembourg.lu">www.investinluxembourg.lu</a></td>
</tr>
<tr>
<td>Ministry for SMEs and Tourism:</td>
<td></td>
</tr>
<tr>
<td>National Credit and Investment Corporation (SNCI):</td>
<td><a href="http://www.mcm.public.lu">www.mcm.public.lu</a></td>
</tr>
<tr>
<td>Luxembourg Chamber of Commerce:</td>
<td><a href="http://www.snci.lu">www.snci.lu</a></td>
</tr>
<tr>
<td>National Statistical Office (STATEC):</td>
<td><a href="http://www.cc.lu">www.cc.lu</a></td>
</tr>
<tr>
<td>Luxinnovation:</td>
<td><a href="http://www.statec.lu">www.statec.lu</a></td>
</tr>
<tr>
<td>Supervisory Commission for the Financial Sector (CSSF):</td>
<td><a href="http://www.luxinnovation.lu">www.luxinnovation.lu</a></td>
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<td>National Tourist Office:</td>
<td><a href="http://www.ont.lu">www.ont.lu</a></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax information</th>
<th></th>
</tr>
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<tr>
<td>Income and corporate taxes:</td>
<td><a href="http://www.impotsdirects.public.lu">www.impotsdirects.public.lu</a></td>
</tr>
<tr>
<td>Customs and excise duties:</td>
<td><a href="http://www.do.etat.lu">www.do.etat.lu</a></td>
</tr>
<tr>
<td>Value Added Tax:</td>
<td><a href="http://www.aed.public.lu">www.aed.public.lu</a></td>
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<tr>
<th>Professional associations</th>
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<tbody>
<tr>
<td>Association of the Luxembourg Fund Industry (ALFI):</td>
<td><a href="http://www.alfi.lu">www.alfi.lu</a></td>
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<td>FEDIL Luxembourg Business Federation:</td>
<td><a href="http://www.fedil.lu">www.fedil.lu</a></td>
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<td>The Luxembourg Bankers’ Association (ABBL):</td>
<td><a href="http://www.abbl.lu">www.abbl.lu</a></td>
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<td><a href="http://www.legilux.lu">www.legilux.lu</a></td>
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