

# Discover Luxembourg





# Luxembourg, Center of Excellence in Europe

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Director General  
Chamber of Commerce



# LUXEMBOURG'S PROFILE

## A HIGHLY STRATEGIC POSITION WITHIN THE EUROPEAN MARKET

- IN THE HEART OF EUROPE

Area: 2,586 sq km

Population: 500,000 of which 42% are foreigners and 16% of the total population has the Portuguese nationality

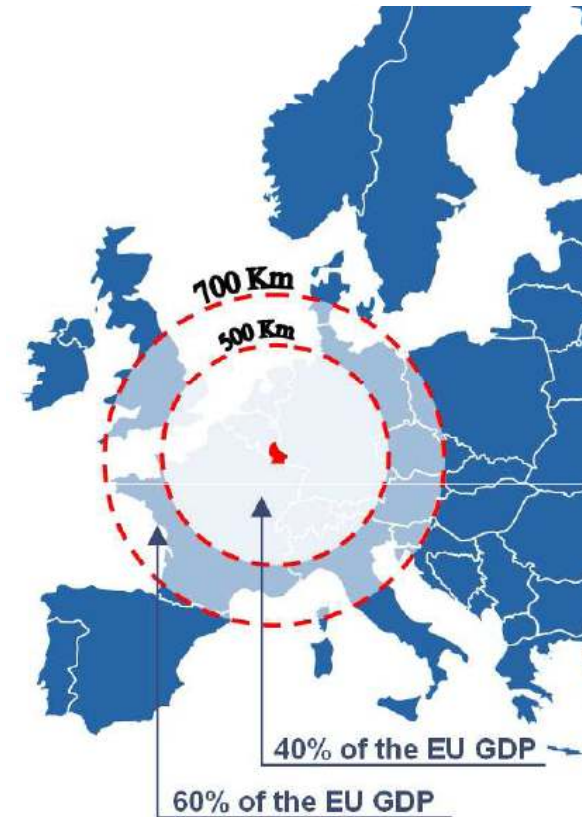
Languages: Luxembourgish, German, French, English

Political System:      Constitutional Monarchy  
                                 Parliamentary Democracy

- FOUNDING MEMBER OF THE EUROPEAN UNION

- COMMERCIAL NEUTRALITY

- REACH 60% OF THE EU GDP IN LESS THAN A DAY





# **A STABLE AND FAVOURABLE BUSINESS ENVIRONMENT**

## **A STABLE SOCIO-POLITICAL ENVIRONMENT**

- SOUND MACROECONOMIC FUNDAMENTALS
- ACCESSIBILITY AND BUSINESS MINDED GOVERNMENT
- STRONG NATIONAL COHESION

## **A FAVOURABLE LEGAL AND REGULATORY FRAMEWORK**

- HIGH RESPONSIVENESS TO RELEVANT EU LEGISLATION
- PRO-BUSINESS LEGAL AND REGULATORY FRAMEWORK
- TOWARDS A PAPERLESS ENVIRONMENT (e-GOVERNMENT)

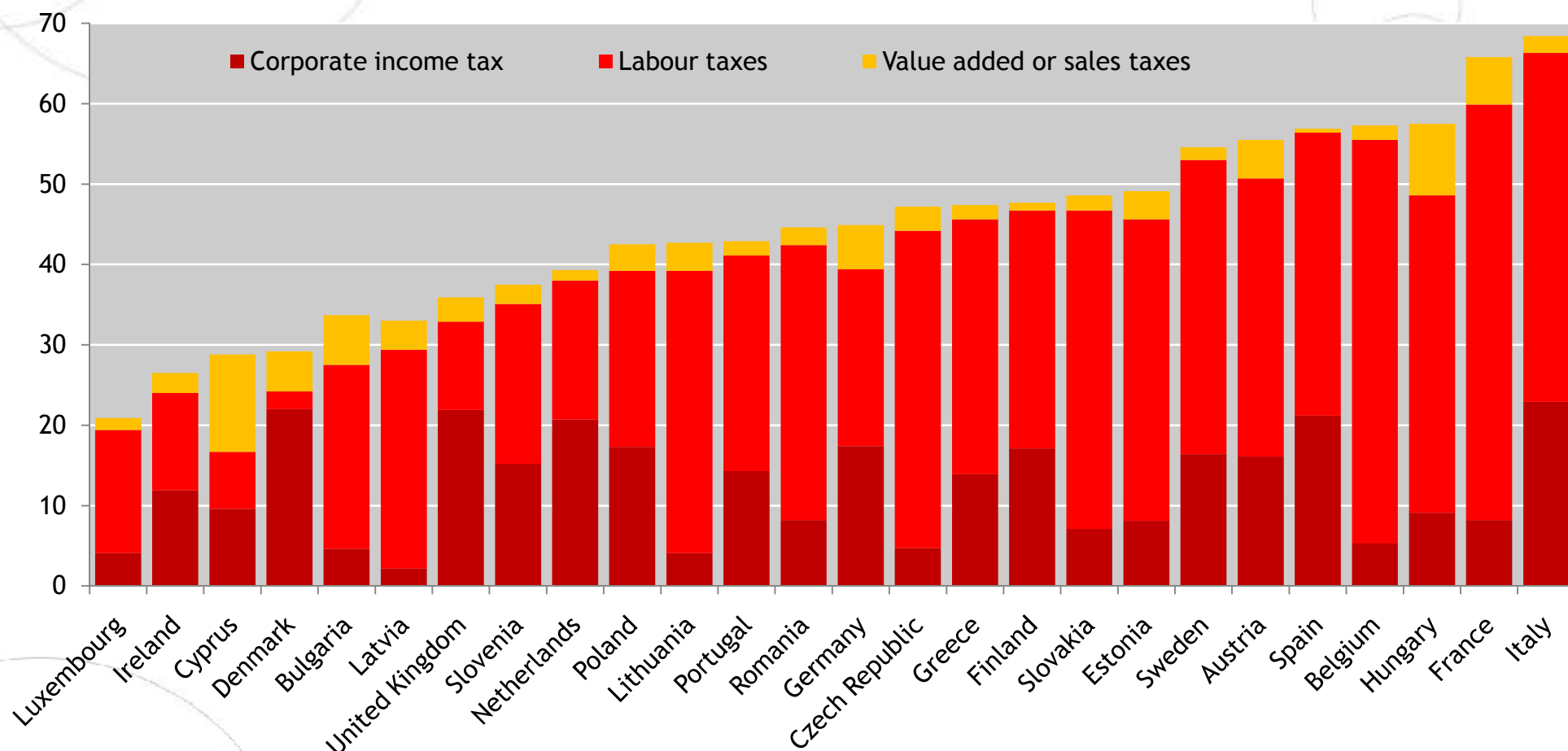
# THE MACROECONOMIC EVOLUTION AT A GLANCE

	<b>1985- 2009</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>GDP (in bn €)</b>		34,2	37,5	39,3	37,8	38,9	39,9
<b>Budget (in bn €)</b>	-	9,4	9,7	10,6	11,5	12,2	-
<b>GDP growth</b>	4,9%	5,6%	6,5%	0,0%	-4,1%	3,0%	3,0%
<b>Unemployment rate</b>	2,7%	4,6%	4,2%	4,4%	5,7%	6,0%	6,3%
<b>Total employment growth</b>	3,3%	3,6%	4,4%	4,7%	1,1%	0,6%	1,1%
<b>Inflation</b>	2,1%	3,0%	2,7%	3,4%	0,4%	2,1%	1,6%
<b>Current account surplus in % of GDP</b>	-	10,3%	9,7%	5,3%	5,6%	-	-
<b>Public surplus/deficit in % of GDP</b>	2,4%	1,3%	3,7%	2,9%	-0,7%	-2,1%	-1,7%

# A COMPETITIVE TAX ENVIRONMENT

## LOWEST TAXATION PRESSURE WITHIN THE EU

Cost of all taxes borne by a company in EU member states, 2009





Source: Paying Taxes 2010, WB & PWC

Remark: The rates included in this graphic take into account the availability of investment tax credits that may offset the tax rate liability. Therefore the rates in this graphic may vary from others in this presentation.

# OPTIMISING LABOUR COSTS VERSUS PRODUCTIVITY

## LOWER TAXATION AND SOCIAL CHARGES

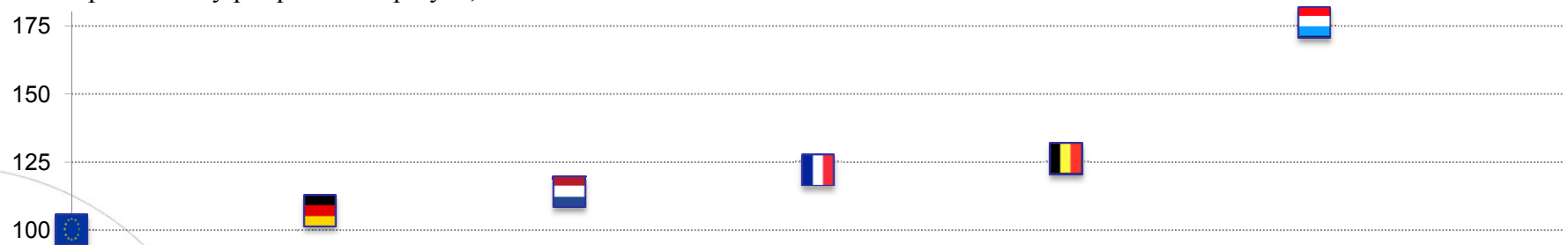
Example for a married person with two children earning 100,000 euros annually

	BE	FR	LU	UK	DE
Total costs for <b>EMPLOYERS</b>	132	149	111	112	111
Tax/social charges 	32	49	11	12	11
<b>Gross salary</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Tax/social charges 	48	29	28	32	36
Net salary for <b>EMPLOYEES</b>	52	71	72	68	64
<b>Ratio Net/Cost (%)</b>	<b>39</b>	<b>48</b>	<b>64</b>	<b>60</b>	<b>59</b>

Source: PWC

## A HIGHLY PRODUCTIVE WORKFORCE

Labour productivity per person employed, EU 27 = base 100



Source: Eurostat



# ORGANISE YOUR EUROPEAN LOGISTICS

## AIRLINKS TO ALL CONTINENTS (CARGOLUX NETWORK, 2009)

CLOSEST CARGOLUX FLIGHT DESTINATION FROM PORTUGAL: BARCELONA, SPAIN

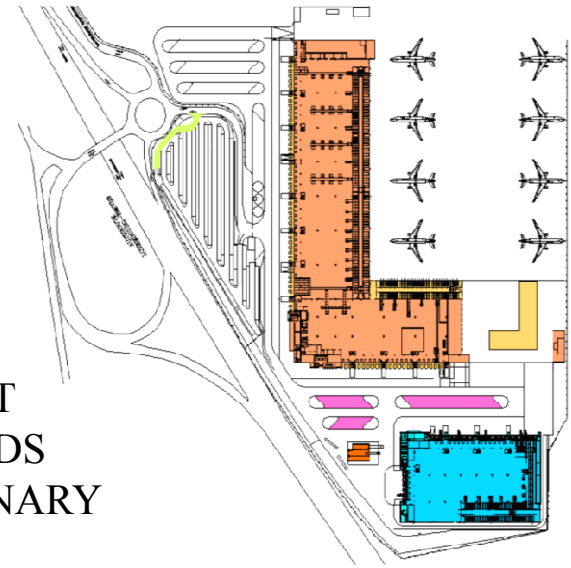




# ORGANISE YOUR EUROPEAN LOGISTICS

## 5TH LARGEST EUROPEAN FREIGHT AIRPORT

- **SECURE, EFFICIENT AND SPEEDY GROUND HANDLING**
  - HANDLING CAPACITY OF 1,200,000 T ANNUAL FREIGHT
  - WELL-EQUIPPED FOR TEMPERATURE SENSITIVE GOODS (I.E. COOL-CHAIN GUARANTEE, EU-CERTIFIED VETERINARY STATION)
  - QUICK TURNAROUND TIME
  - ANY EUROPEAN CITY CAN BE REACHED IN LESS THAN A DAY BY ROAD
- **AIRLINKS TO ALL CONTINENTS**
  - MAJOR HUB FOR WORLDWIDE AIRFREIGHT CARRIERS (E.G. CARGOLUX, CHINA AIRLINES, PANALPINA)



# ORGANISE YOUR EUROPEAN LOGISTICS

## QUALITY SERVICES OFFERED BY KEY PLAYERS

(illustrated below by some players)



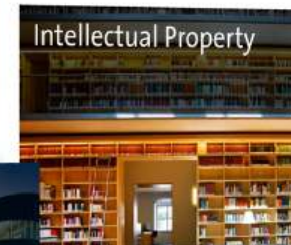


# A LEADING INTERNATIONAL FINANCIAL CENTRE

## ... AT A GLANCE

- N° 1 INVESTMENT FUND CENTER IN EUROPE  
(second worldwide behind the USA)
- N° 1 WEALTH MANAGEMENT CENTER IN THE EUROZONE
- EUROPE'S LEADING DOMICILE FOR CAPTIVE REINSURANCE
- N° 1 FOR LISTING INTERNATIONAL BONDS IN EUROPE

# MULTI SPECIALISATION ECONOMIC DEVELOPMENT POLICY



# BUT MUCH MORE THAN JUST A FINANCIAL CENTER

## A DIVERSIFIED AND DYNAMIC ECONOMY

### • INDUSTRY



### • MEDIA & E-COMMERCE



### • LOGISTICS



### • EUROPEAN INSTITUTIONS



### • SERVICES



### • PORTUGUESE COMPANIES







## **FOUR BUSINESS CASES TAILORED TO YOUR NEEDS**

### **WHAT ARE THE OPPORTUNITIES OFFERED FOR EXPANDING YOUR BUSINESS ACTIVITIES IN LUXEMBOURG?**

1. USE THE ADVANCED ICT ENVIRONMENT
2. ENHANCE YOUR RESEARCH & DEVELOPMENT ACTIVITIES
3. MANAGE YOUR INTELLECTUAL PROPERTY RIGHTS
4. ENGAGE IN CLEAN TECHNOLOGIES



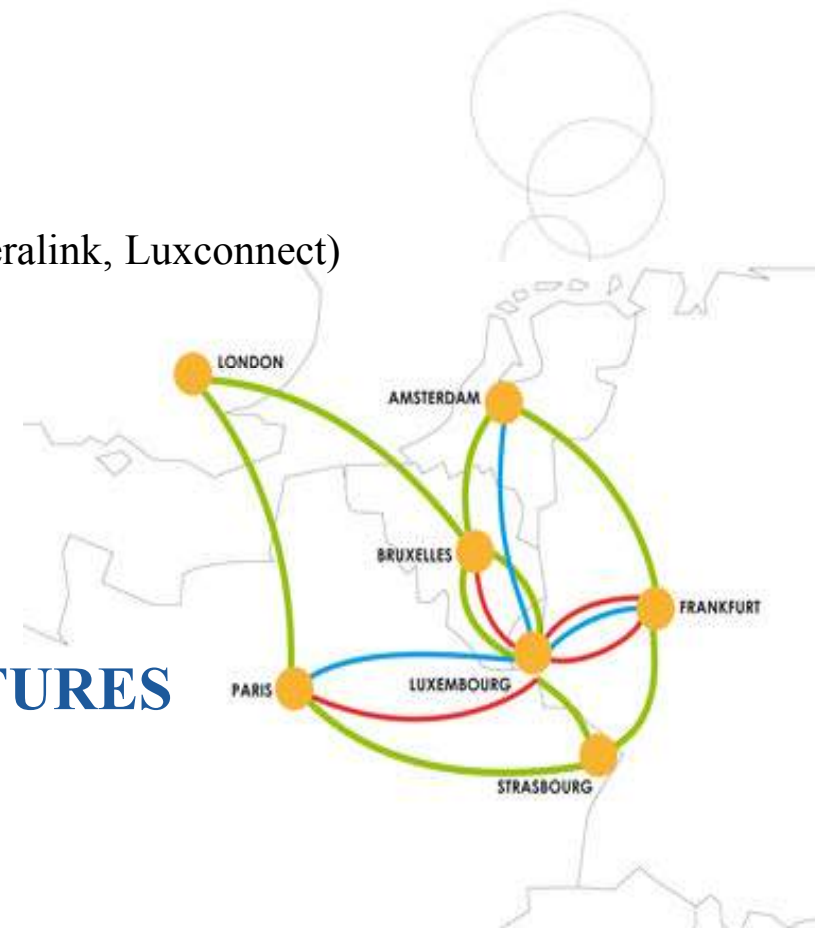
# **BUSINESS CASE N° 1: A MOST ADVANCED ICT ENVIRONMENT**

## **EXCELLENT INTERNATIONAL AND NATIONAL CONNECTIVITY**

- **HIGH SPEED CONNECTIONS**
  - Fiber optic networks to all major European POPs (e.g. Teralink, Luxconnect)
  - Satellite connectivity (SES)
- **INTERNET EXCHANGE POINT**  
(e.g. LIX, LU-CIX)

## **STATE OF THE ART INFRASTRUCTURES**

- **SECURE IT ENVIRONMENT**  
(i.e. LUXTRUST)
- **HIGH LEVEL DATA CENTERS**



# BUSINESS CASE N° 1: A SAFE ICT ENVIRONMENT

## LUXEMBOURG IT SECURITY FRAMEWORK - BASED ON 4 PILLARS

1. AWARENESS AND PREVENTION
2. INCIDENT RESPONSE
3. INVESTIGATION AND REPRESSION
4. LEGISLATION AND STANDARDISATION



## AWARENESS – STRENGTHENS SECURITY AND CREATES TRUST

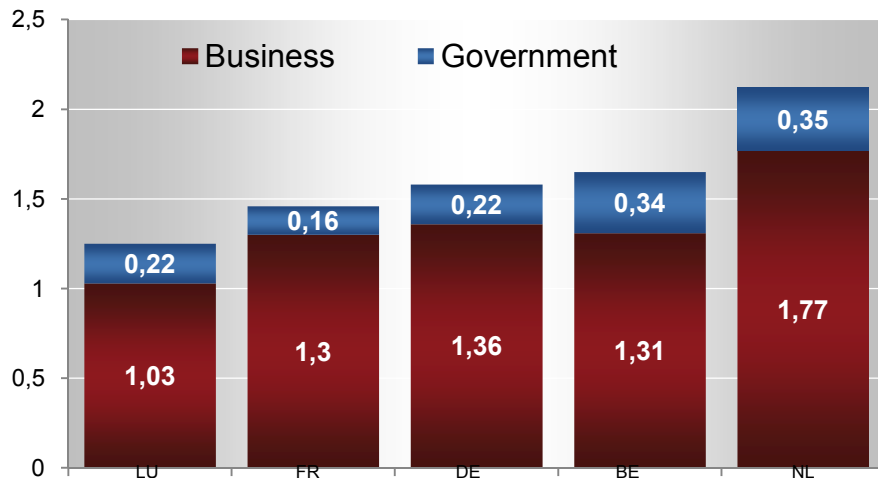
- INFORM ON THREATS, VULNERABILITIES AND IMPACTS
- IMPLEMENT AWARENESS RAISING CAMPAIGNS
- IMPLEMENT IT SECURITY POLICIES
- IMPROVE IT SECURITY “MATURITY”



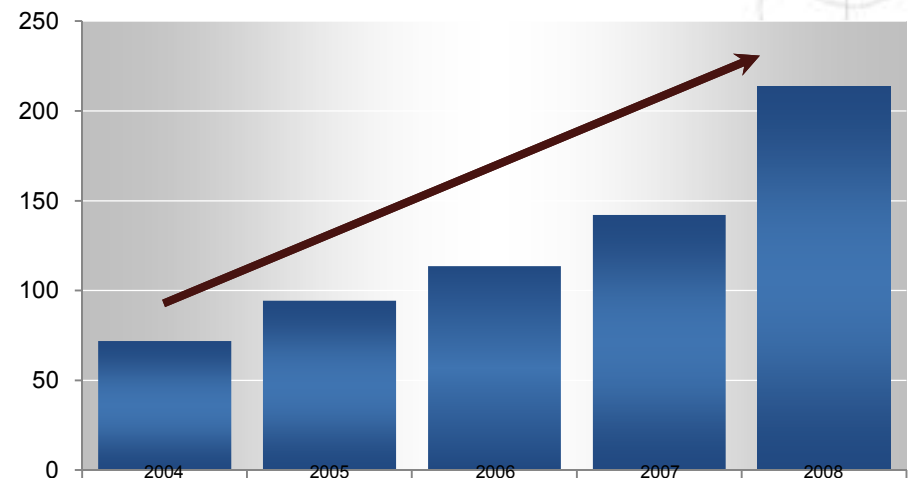
## BUSINESS CASE N° 2: ENHANCE YOUR R&D ACTIVITIES

### RESEARCH & DEVELOPMENT: A PRIORITY FOR THE GOVERNMENT

R&D expenditures  
(in % of GDP)



Growth of public expenditures  
(in million euros)



**THE GOVERNMENT HAS FORESEEN A 5-YEAR INVESTMENT PROGRAMME  
TO DEVELOP CUTTING EDGE SKILLS AND EXPERTISE IN MOLECULAR MEDICINE**

# BUSINESS CASE N° 2: ENHANCE YOUR R&D ACTIVITIES

## PUBLIC INFRASTRUCTURES

- UNIVERSITY OF LUXEMBOURG
- PUBLIC RESEARCH CENTERS (AGREEMENT WITH UNIVERSITY AVEIRO)  
(ict, health & biotechnologies, material & nanotechnologies)
- INNOVATION TRANSFER AGENCY
- INTEGRATION OF LUXEMBOURG R&D INTO EU NETWORKS

## PRIVATE R&D CENTERS

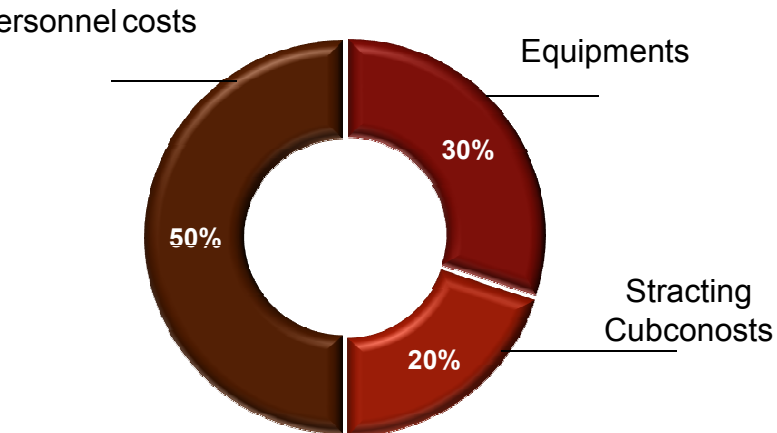
- AUTOMOTIVE
- MATERIALS
- INDUSTRIAL
- NEW TECHNOLOGIES



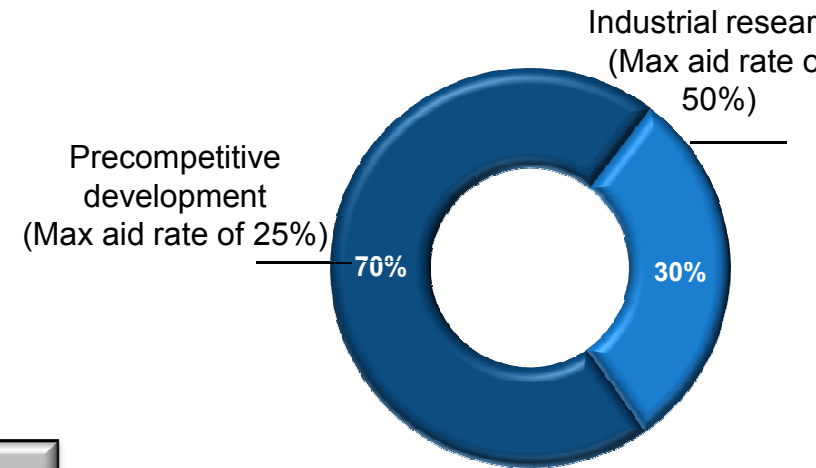
## BUSINESS CASE N° 2: ENHANCE YOUR R&D ACTIVITIES

### EXAMPLE OF GOVERNMENT CO-FINANCING IN A 5 MILLION EUROS R&D PROJECT FOR THE DEVELOPMENT OF A NEW PRODUCT

#### ELIGIBLE R&D COSTS



#### RESEARCH LEVEL



Co-financing level

**NON-REFUNDABLE CASH GRANT OF 33 % OF TOTAL ELIGIBLE R&D COSTS**

# **BUSINESS CASE N° 3: MANAGE YOUR IP RIGHTS**

## **A PIONEER IN IP**

- ONE OF THE FIRST MEMBERS OF THE WORLD IP ORGANISATION
- MEMBER AND SIGNATORY TO MAJOR IP BODIES AND TREATIES

## **AN IP-CONSCIOUS GOVERNMENT**

- A WELL DESIGNED LEGAL AND REGULATORY FRAMEWORK FOR IP RIGHTS
- ENCOURAGE AND SUPPORT IP ACTIVITIES MADE IN LUXEMBOURG







# **BUSINESS CASE N° 3: MANAGE YOUR IP RIGHTS**

## **A REWARDING TAX REGIME FOR IP ACTIVITIES**

- 0% WITHHOLDING TAX ON ROYALTY PAYMENTS
- NEW IP TAX LAW

### **BENEFITS:**

80 % TAX EXEMPTION OF NET INCOME DERIVED FROM QUALIFYING IP AS WELL AS CAPITAL GAINS REALISED ON DISPOSAL OF SUCH IP

100% EXEMPTION FOR NET WEALTH TAX FOR QUALIFYING IP

### **QUALIFYING IP**

:PATENTS, SOFTWARE COPYRIGHTS, DESIGN OR MODEL, DOMAIN NAMES AND TRADEMARKS (INCLUDING FRANCHISE SYSTEM)

### **CONDITIONS :**

ACQUIRE OR CREATE THE IP RIGHTS AFTER 31 DECEMBER 2007

ACTIVATE RELATED EXPENSES IN THE BALANCE SHEET



## **BUSINESS CASE N° 4: LUXEMBOURG AS A HUB FOR CLEAN TECHNOLOGY COMPANIES**

**CONSIDER LUXEMBOURG AND THE GREATER REGION  
AS A TEST BED FOR ENVIRONMENTAL TECHNOLOGIES**

FOR EACH TECHNOLOGY/SERVICE  
- NEWLY DEVELOPED - AND ESPECIALLY  
EXISTING ONES:

SELECT THE ONE WHERE :  
A DEMAND EXISTS IN LUXEMBOURG AND  
IN THE GREATER REGION



[www.greater-region.lu](http://www.greater-region.lu)  
Population: 11,3 million  
Area: 65.400 km<sup>2</sup>  
GDP: +/- 300 billion €  
Workforce: 5.000.000

## **BUSINESS CASE N° 1**

### **BUILDING ON A STRONG TRADITION OF INNOVATION**

- **188 ECO-COMPANIES**

Mainly in the renewable energy sector, waste water, etc.

- **ECO-CONSTRUCTION**

- **28 PUBLIC AGENCIES ACTIVE IN THE FIELD**

- **6 RESEARCH INSTITUTES**



**NATIONAL PLAN IN THE FIELD OF ECOTECHNOLOGIES**

REACH OBJECTIVES THROUGH THE DEVELOPMENT OF  
RENEWABLE ENERGIES ON THE NATIONAL TERRITORY:

- RENEWABLE ELECTRICITY(wind turbine, photovoltaics, ...)
- RENEWABLE COLD/HEAT(biomass, solar heat, ...)

THE INCORPORATION OF BIOGAS IN REGULAR GAS AND USE OF  
ELECTRICAL MOBILITY

THE USE OF COOPERATION MECHANISMS, ESPECIALLY THROUGH  
STATISTICS TRANSFER AND COMMON PROJECTS BETWEEN  
MEMBER STATES OR OTHER COUNTRIES.





## THANK YOU

**For more information:**  
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[www.luxembourgforfinance.lu](http://www.luxembourgforfinance.lu)

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