

# **Luxembourg economy**

**Open**

**Dynamic**

**Reliable**

“

*An open and dynamic country, Luxembourg has made its mark internationally as a reliable and innovative partner, providing an ideal environment for businesses and investors to thrive. ”*

Carlo Thelen, CEO, Chamber of Commerce

## **Luxembourg economy**

Open

Dynamic

Reliable



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Why Luxembourg?	<b>Detachable infographic leaflet</b>

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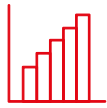
Although small in size (2,586 km<sup>2</sup>), Luxembourg has a thriving economy and is renowned for its standard of living. It is also one of the safest countries in the world.

Luxembourg is considered to be one of a kind owing to its location at the heart of Europe, the fact that it is home to 175 nationalities, the multilingualism of its population and its status as a Grand Duchy. Luxembourg has three official languages: Luxembourgish, German and French. The country is a constitutional monarchy with a parliament.



# Luxembourg today





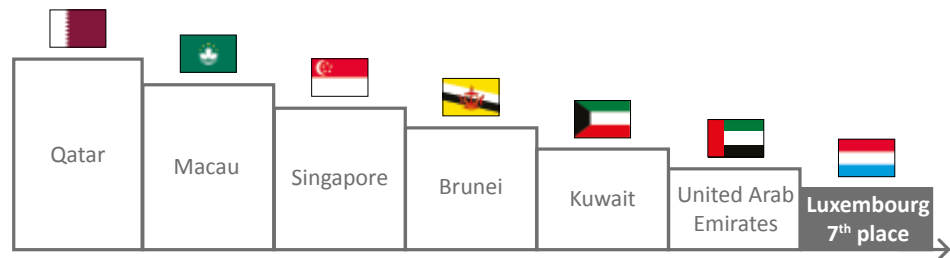
## STANDARD OF LIVING

Luxembourg has **the highest level of real Gross Domestic Product (GDP) per capita in the world**. At **EUR 92,600 in 2017**, it is more than **three times higher than the European average** (EU 28); however, this figure is skewed upwards by the significant number of cross-border workers who contribute to the country's GDP without being counted as part of its population.

### GROSS NATIONAL INCOME PER CAPITA

(expressed in purchasing power parity)

= **USD 72,690**



With **growth of almost 6.9%** forecast by 2020, Luxembourg's economy is among the strongest in the EU.

Luxembourg has consistently ranked in the **TOP 25** for competitiveness globally (WEF, IMD, European Commission, etc.).



/ City of Luxembourg – Plateau du Kirchberg /

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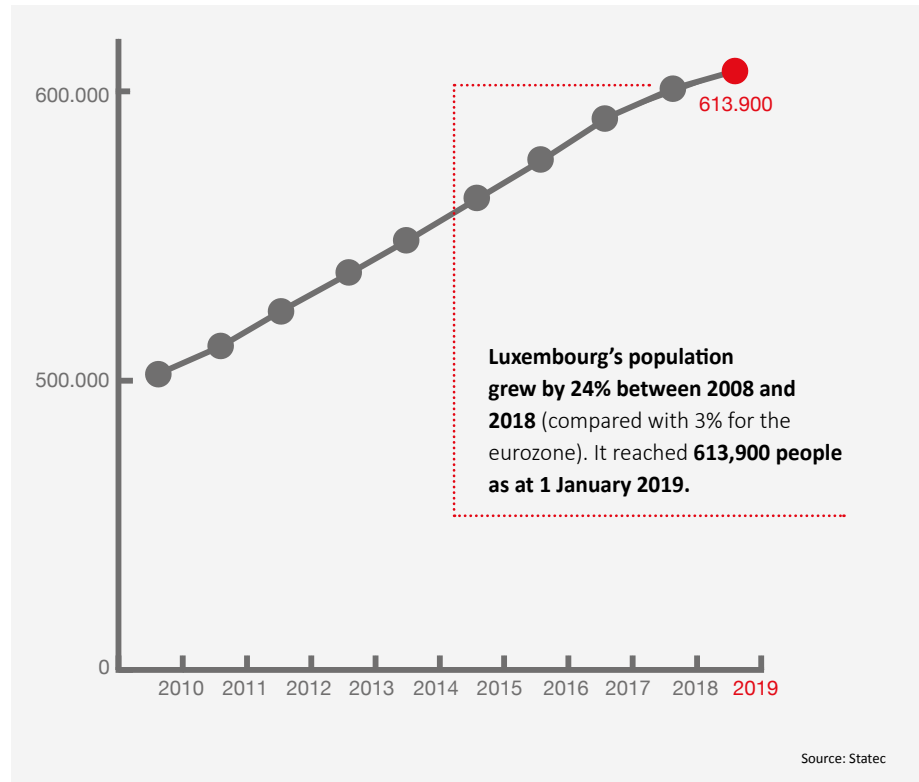


**POPULATION  
AND  
EMPLOYMENT**

“  
*In Luxembourg,  
everything is easy,  
close and straight-  
forward.*”

Fahd El Mahjoubi,  
Ecotech

## CHANGES IN LUXEMBOURG'S POPULATION BETWEEN 2000 AND 2019



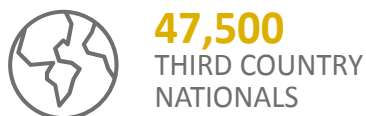
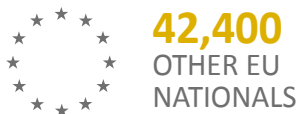
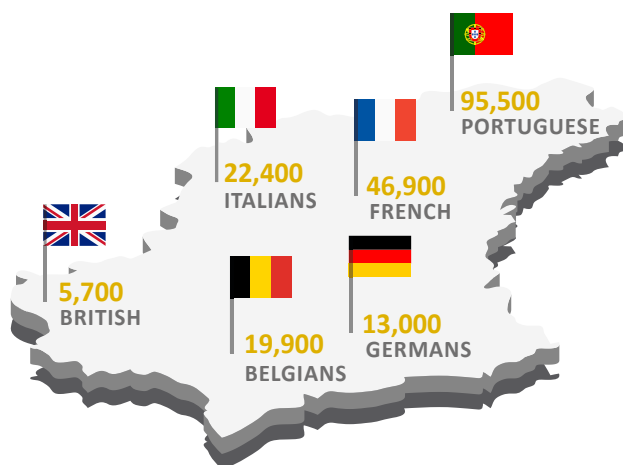
**175 nationalities** mix on a daily basis. **47.5% of residents** do not have Luxembourgish citizenship.

**Domestic employment grew 1.5-fold between 2003 and 2018 (+53%).** 73% of jobs are held by non-Luxembourgers.



## DID YOU KNOW?

THE POPULATION IS MADE UP OF:



Source: Statec (01/01/2018)



“  
*The Grand Duchy is  
rich in its diversity.*”

Valérie Dubois-Chamérian,  
Diversity



“

*Luxembourg's location at a crossroads with three other countries presents a rewarding entry point to learn about other ways of working.*”

Vanessa Leiritz,  
Soundtastic



Cross-border workers from France, Belgium and Germany account for **46% of domestic employment**. The number of cross-border workers has **doubled since 2000**.



**43% of the working population** has received a higher education.



The rate of unemployment stood at **5.2% in February 2019**.



The minimum wage (for unskilled workers aged 18 and over) stood at **EUR 2,071.10 as of 1 January 2019**.

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**HIGHER  
EDUCATION  
AND RESEARCH**

In addition to its **university** and **four public research centres** (Luxembourg Institute of Science and Technology, Luxembourg Institute of Socio-Economic Research, Luxembourg Institute of Health and Max Planck Institute), there are numerous private research centres in Luxembourg related to industry and belonging to international groups such as **Goodyear** (the Goodyear Innovation Center Luxembourg (GIC\*L) conducts R&D into new tyres for the European, African and Asian markets, and employs more than 1,000 researchers from 41 countries), **Husky, IEE, Delphi** and **Dupont de Nemours**.

There are **6.31 researchers** for every **1,000 jobs** in the Grand Duchy of Luxembourg, in line with the European average. The research and development sector employs more than **6,000 people**. This figure has **increased by almost 60% over the past 15 years**.

Luxembourg earmarked **EUR 694.6 million** for research in 2017, i.e. **1.26% of the GDP**. The Government's objective is to increase public spending on R&D and to raise it to **between 2.3% and 2.6% of the GDP by 2020**. A little more than half of research spending currently comes from the private sector.



### THE UNIVERSITY OF LUXEMBOURG WAS FOUNDED IN 2003.

Located in the south of the country on the **Esch-Belval** site, it was not long before the university ranked among **the world's top 20 universities under 50 years old**.

The University of Luxembourg collaborates with numerous other foreign academic institutions. 20 of them are found within a radius of less than 200 km from Luxembourg.

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**>** FOR FURTHER INFORMATION:  
[www.fr.uni.lu](http://www.fr.uni.lu)



## INTELLECTUAL PROPERTY

Luxembourg has created a **secure intellectual property environment** by implementing European directives and international agreements and treaties. It consolidated its appeal through the Law of 17 May 2017, whose primary aim is to enhance the country's aid schemes for research, development and innovation.

The legal framework in Luxembourg makes it possible to choose from several types of patents: a national patent, a European patent or an international patent.

Luxembourg is part of the **Benelux Organisation for Intellectual Property**.

The **Luxembourg Institute of Intellectual Property (Institut de la Propriété Intellectuelle Luxembourg – IPIL)** was founded in 2015; this economic interest group (groupement d'intérêt économique – GIE) aims to pool national and international skills in the field of intellectual property.

➤ FOR FURTHER INFORMATION:  
<https://ipil.lu/fr>

## DID YOU KNOW?

### LUXEMBOURG CITY RANKS



**1/231**  
OF THE  
**SAFEST  
CITIES**

(Internal stability, very low rates of crime,  
public order)  
Mercer Quality of Living Survey 2016



OF THE MOST  
**DESIRABLE  
PLACES**  
TO LIVE AND WORK  
Global Liveability Index 2018

**24/140**



**18/231**  
FOR QUALITY  
**OF LIVING**  
Mercer Quality of  
Living Survey 2019

### THE COUNTRY RANKS



**15/68** OF THE MOST  
POPULAR COUNTRIES  
**AMONG EXPATS**  
InterNations 2018 ranking



## COMPANIES

The number of companies operating in Luxembourg grows by **1,000 every year** (difference between companies created and companies that have ceased trading). The country has developed an entire ecosystem to assist those spearheading entrepreneurial projects.

A whole host of public and private structures and public/private partnerships accommodate, support and even finance startup projects. Luxembourg aims to become **a real startup nation**.

## TOP 10 EMPLOYERS

(by number of employees, excluding government organisations and hospitals):

	<b>01</b>   Telecommunications	<b>POST LUXEMBOURG</b>	<b>4,480</b>
	<b>02</b>   Rail transport	<b>CFL</b>	<b>4,260</b>
	<b>03</b>   Retail outlet	<b>CACTUS</b>	<b>4,200</b>
	<b>04</b>   Steel industry	<b>ARCELORMITTAL</b>	<b>4,120</b>
	<b>05</b>   Cleaning	<b>DUSSMANN LUXEMBOURG</b>	<b>3,880</b>
	<b>06</b>   Banking	<b>BGL BNP PARIBAS</b>	<b>3,660</b>
	<b>07</b>   Automotive industry	<b>GOODYEAR DUNLOP</b>	<b>3,450</b>
	<b>08</b>   Consultancy	<b>PwC LUXEMBOURG</b>	<b>2,870</b>
	<b>09</b>   Air transport	<b>LUXAIR</b>	<b>2,820</b>
	<b>10</b>   E-commerce	<b>AMAZON EU</b>	<b>2,250</b>



*The proximity to the Government and to promotion agencies represents a real advantage for Luxembourg that must be celebrated.* ”

Charles-Louis Machuron,  
Silicon Luxembourg

Source: Statec June 2018



## INFRASTRUCTURE AND FACILITIES

There are **275 km of railway tracks** in Luxembourg. Luxembourg is on the TGV East network, connecting it to Paris and Strasbourg.

In terms of motorway density, it ranks among the highest in the world, with **63.8 km of motorways for every 1,000 km<sup>2</sup>**.

The number of passengers passing through **Luxembourg airport** grew from 1.6 million in 2010 to over 4 million in 2018 (an increase of 250%); cargo traffic rose by 27% in the same period (895 tonnes).

In 2017, there were **794,000 mobile phone subscriptions** in the country for **591,000 inhabitants**, i.e. **1.36 subscriptions per capita**. This level of mobile phone usage ranks Luxembourg in **6<sup>th</sup> place** within the EU, behind Austria, Lithuania, Estonia, Italy and Cyprus.

Virtually all households have a computer (95%) and internet access (97%). Smartphones and laptops are the most used mobile devices. **More than 9 out of 10 households have very high-speed internet access**. Multiple broadband connections link Luxembourg to the main European hubs.

With **662 passenger cars for every 1,000 inhabitants**, Luxembourg is the country with the highest rate of vehicle ownership in the European Union.



## HOME TO EUROPEAN INSTITUTIONS

Alongside Brussels and Strasbourg, Luxembourg City is one of the capitals of the European Union. It is home to **12 European institutions and bodies**.

**11,000 residents** work at institutional organisations in Luxembourg.



/ Court of Justice of the European Union, Luxembourg-Kirchberg /

## DID YOU KNOW?



**LUXEMBOURG**  
IS ONE OF THE CAPITALS OF  
THE EUROPEAN  
UNION

### Many European institutions are headquartered in Luxembourg:

- The Secretariat of the European Parliament,
- Various departments of the European Commission,
- The Court of Justice of the European Union and the General Court (EGC),
- The statistical office of the European Union (Eurostat),
- The Publications Office of the European Union,
- The European Court of Auditors,
- The European Investment Bank (EIB), and the European Investment Fund (EIF),
- The Translation Centre for the Bodies of the European Union,
- The Court of the European Free Trade Association,
- The European Financial Stability Facility (EFSF) and the European Stability Mechanism (ESM),
- The Consumers, Health, Agriculture and Food Executive Agency (Chafea),
- The Euratom Supply Agency.

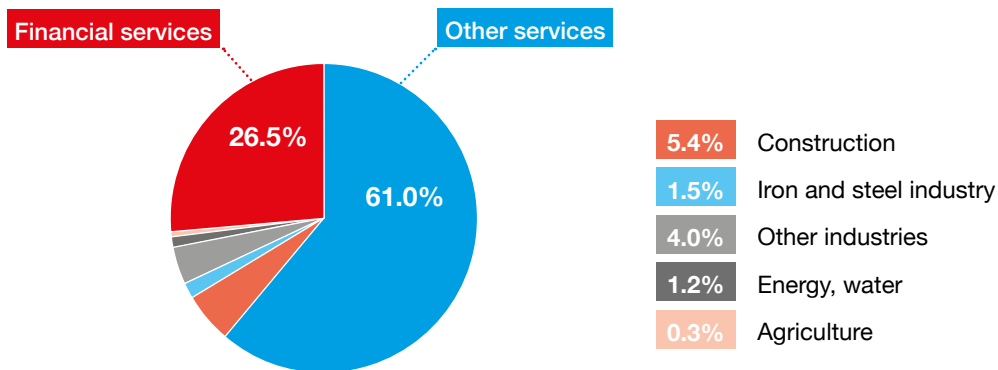


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**Luxembourg's economy is renowned for the strength of its financial sector** (26.5% of value added and 10.9% of employment in 2018). The highly innovative expertise developed by the sector has proved hugely successful (Islamic finance, renminbi, climate finance, micro-finance, etc.). But **other sectors are also seeing rapid growth** led by the Government, which is seeking to diversify the country's economy. Industry, for example, is being boosted by significant investment from international heavyweights, which are turning to Luxembourg for certain state-of-the-art developments.



# The structure of the economy



As % of GDP  
Source: Statec 2018



## FINANCIAL CENTRE

**The financial centre** gained momentum in the 1970s, replacing the steel industry as the driving force of the Luxembourg economy. Today it is characterised by its international dimension, its high degree of diversification, its capacity for innovation and its stability.



### BANKS

The country is home to **136 banks**.

The banks located in Luxembourg specialise in particular in

- private banking,
- life insurance,
- investment fund administration.

The banking sector has been able to adapt and diversify to meet growing demand for tailored investment management and financial optimisation services.



## INVESTMENT FUNDS

**Almost 4,000 investment funds** manage net assets totalling **over EUR 4.3 trillion** (2019). This is more than 50 times the annual GDP of the Grand Duchy and is close to the GDP of Italy.

Luxembourg is the **European leader** and ranks **2<sup>nd</sup> globally** (just trailing the United States) in terms of assets under management. It has established a modern and competitive legal and regulatory framework, by directly implementing the European UCITS I Directive and assigning investment funds European passports.

In this sector, Luxembourg is developing increasingly innovative solutions (e.g. venture capital companies (SICARs), hedge funds, family wealth management companies (SPFs), securitisation vehicles and pension funds).



## FINANCIAL SECTOR PROFESSIONALS (FSPS)

This name refers to all financial sector professionals that are not credit institutions but which must, owing to their business activity, submit themselves to the supervision of the Commission de Surveillance du Secteur Financier (CSSF- Supervisory authority of the Luxembourg financial sector). These may be:

- investment firms (investment advisers, brokers, commission agents, wealth managers, etc.),
- specialised FSPs (registrar agents, professional custodians of financial instruments, operators of a regulated market authorised in Luxembourg, currency exchange dealers, etc.),
- support FSPs (client communication agents, administrative agents of the financial sector, IT systems operators, etc.).

The size of this category of companies specialising in non-banking financial operations is growing in Luxembourg owing to the increasing popularity of outsourcing within the financial sector. **Nearly 300 FSPs employ in excess of 15,400 people in Luxembourg.**



## FINTECHS

The strength of Luxembourg's financial market makes it the natural location for developing a fintech startup. It is a fast-growing sector. At the start of 2019, there were **around 190 fintech companies**, a majority of which work in the investment and fund areas, or in payment solutions.



## INSURANCE COMPANIES

**Around 100 insurance companies and almost 200 reinsurance companies** have been certified by the *Commissariat aux Assurances*, the market regulator in Luxembourg.





## COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER (CSSF)

The *Commission de Surveillance du Secteur Financier* is a public institution that supervises professionals and products in the financial sector in Luxembourg. It:

- supervises,
- regulates,
- authorises,
- informs,
- carries out checks and issues sanctions, where necessary.

It is also responsible for promoting transparency, simplicity and fairness on the financial products and services markets, and ensures the application of legislation relating to financial consumer protection and the fight against money laundering and the financing of terrorism.



FOR FURTHER INFORMATION:

[www.cssf.lu](http://www.cssf.lu)

/ Commission de Surveillance du Secteur Financier (CSSF) /



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**ICT  
AND DIGITAL  
ECONOMY**

The ICT (Information and Communication Technologies) services sector has grown faster than the Luxembourg economy as a whole. It expanded by **24% between 2010 and 2016**. ICT specialists represent **4.6% of Luxembourg's domestic employment, compared with 3.5% on average in Europe** (2015 figures). This sector's strength can partly be attributed to:

- attractive taxation,
- progressive regulation,
- cutting-edge infrastructure (including 23 highly secure data centres, 8 of which are tier-IV certified),
- a genuine sectoral policy suited to attracting major global players to Luxembourg, such as Verizon Business, Skype, eBay, Apple iTunes, Amazon, PayPal, Google and Vodafone, as well as many other companies in the ICT sector (e.g. online gaming companies and e-book distributors).

Luxembourg is a **global centre for the distribution of digital audio-visual content**, such as music downloads, video on demand, pay-per-view television and digital radio and TV broadcasts.

Luxembourg's IT ecosystem is home to some highly successful names in e-security (e.g. LuxTrust) and high-speed internet (Teralink, Post Luxembourg, Data Center Luxembourg, Inexio and LuxConnect, etc.). To allow e-commerce to prosper, Luxembourg is equipped with redundant backbone connections to Paris, Frankfurt, Brussels and London in particular, as well as an entire range of business incubators.

An attractive framework has also been available in Luxembourg since 2008 for the management of intellectual property and domain names. Since LU-CIX was created in 2009, Luxembourg has also had its own Internet Exchange Point (IXP).

In October 2014, the Government launched the collective **Digital Lëtzebuerg** initiative (infrastructure, eSkills, fintech, promotion, innovation and eAdministration) to mobilise the country to become a high-tech centre of excellence, prepared for a digital economy and society.

At the initiative of Luxembourg, the European Union aims to implement a European network of interconnected High Performance Computers (HPCs) by 2023. The European Commission department dedicated to this project was set up in Luxembourg and employs 200 people. **Luxembourg will have its own HPC in 2020.**



/ Filming of *Mammejong*, directed by Jacques Molitor /



## AUDIOVISUAL

Luxembourg is the birthplace of two media and communications giants, which are still continuing to grow from the Grand Duchy:

**RTL Group, the leading European TV and radio broadcaster**, the origins of which date back to 1924. Bertelsmann AG currently has a 75.1% stake in the group.

**SES**, founded in the early 1980s and now one of the world's leading provider of communication and broadcasting services, with **more than 70 satellites**.

In recent years, Luxembourg has carved out its reputation in the international **film production** industry, with no fewer than **20 companies operating and 1,200 people regularly working in the sector**. Luxembourg productions and co-productions regularly win awards at international film festivals. In 2016, the feature-length film *The Brand New Testament* (*Le tout nouveau testament*) won a Magritte award in four categories.

The **animation sector** is also proving to be a resounding success. In 2014, the animated short film *Mr Hublot* (*Zeilt Production*) won Luxembourg's first Oscar. That same year, *Ernest & Célestine* won a Magritte award and a César award, among others. On 8 December 2018, two Luxembourg co-productions (*Funan* by Denis Do and *The Breadwinner* by Nora Twomey) picked up 6 of the 18 trophies at the Emile Awards ceremony held in Lille (France).





“

*There are many production companies in Luxembourg and therefore many interesting audiovisual projects, notably cartoons.*”

Vanessa Leiritz, Soundtastic



## LOGISTICS

Luxembourg's excellent logistics infrastructure helped the country secure **second place out of 160 countries in the World Bank's Logistics Performance Index** in 2016. Furthermore, Luxembourg is committed to an administrative simplification strategy, which is having a positive impact on logistics activities. With excellent connections to global markets, Luxembourg is now considered an ideal operational base for high-value-added logistics activities.



## AIR CARGO

**Luxembourg's air cargo centre is the 6<sup>th</sup> largest in Europe, with an annual handling capacity of 1.2 million tonnes of airfreight.** The current facilities allow the simultaneous storage and handling of the cargo of twelve aircrafts. As truck-loading terminals are in direct proximity to the runways, cargo handling times are much lower – a vital factor when it comes to sensitive and high-value products.

Cargolux, an all-cargo operator, is experiencing rapid growth in its activities (+14% between 2016 and 2017) and is **one of the world's 10 largest companies** with 85 offices globally, more than 100 destinations served and 12.4 million tonnes/km handled in 2018.



*Luxembourg is a small market. It serves as something of a laboratory, which is very useful for product testing.* ”

Guido von Scheffer,  
Motion-S

Since 2013, Luxembourg airport's cargo centre has housed a high-performance temperature-controlled **storage centre for medication and healthcare-related items**, certified in accordance with Good Distribution Practice (GDP).

Working directly with the airport, **Freeport Luxembourg** offers maximum security and a protected environment (temperature and humidity control) for all types of precious goods across an area of **22,000 m<sup>2</sup>, of which 300 m<sup>2</sup>** are vaults. Special facilities are available for storing wine, artwork and classic cars. The spacious interiors allow exceptionally large objects to be stored.



### RAIL/ROAD TRANSPORT

Luxembourg recently created a **multimodal logistics centre**, enabling freight containers to be transferred directly from trains to trucks, and vice versa. The CFL Multimodal centre is located in Bettembourg, in the south of the country. This logistics hub aims to achieve **an annual volume of 450,000 pallets or 300,000 containers** by 2025 (compared with the current figure of 125,000). CFL Cargo (conventional railway freight) and CFL Multimodal (combined transport and multimodal logistics services) provide road and rail connections with **North Sea, Baltic, Southern European and Chinese** ports.

There are **414 road haulage companies** in Luxembourg, half of which specialise in international transport. These companies employ **more than 7,000 drivers** across a fleet of more than **5,000 lorries**. This infrastructure is supported by a significant number of freight-forwarding companies, handling operators and logistics technology providers.



### INLAND WATERWAY AND MARITIME TRANSPORT

This type of transport has become increasingly important. Freight traffic passing through the **river port of Mertert on the Moselle**, 200 km from the Rhine, amounts to more than 1 million tonnes annually. The river port has a total area of **65 hectares** and is an example of state of the art infrastructure, particularly for the transport of steel industry goods and oil products. Its **1,600-metre-long docks** are equipped with **10 rolling cranes, each with 12-35 tonnes lifting force**. They have direct links with the multimodal logistics centre for the transportation of containers by road and rail.

Although it does not have a seafront, the Grand Duchy has its own fleet of ships flying the Luxembourg flag. **335 shipping companies are registered in Luxembourg**, offering one of the most modern fleets (the average age of each vessel is 6.3 years). In 2015, there were **230 ships** on the Luxembourg Public Maritime Register. The sector accounts for around **400 onshore jobs** in addition to the **4,000 merchant seamen**.



/ Ketterhill Laboratories /



## BIOTECH AND BIOMEDICINE

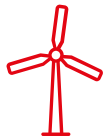
Luxembourg's biomedical ecosystem is led by a **young, highly dynamic research community** whose scientific excellence is **recognised in key strategic fields** such as cancer, immunology and neurodegenerative diseases.

The Integrated BioBank of Luxembourg (IBBL), a key pillar of the biomedical research infrastructure, provides support to the Luxembourg Institute of Health (LIH) and the Luxembourg Centre for Systems Biomedicine (LCSB), part of the University of Luxembourg. The country also has a **growing network of SMEs and fledgling companies** active in the field, including Fast-Track Diagnostics, Flen Health, Complix, ITTM and Braingeneering Technologies.

Upcoming Luxembourg initiatives aim to **encourage innovation and value creation by companies** active in mobile health and mega data analytics. These are set to reinforce Luxembourg's appeal as a digital healthcare hub.



/ Wind farm – Wincrange /



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**ECOTECH  
AND  
RENEWABLE  
ENERGY**

Luxembourg is developing skills in many areas related to environmental protection:



Ecoconstruction



Renewable  
energy



Waste  
management



Water  
management



Electric  
mobility

In total, nearly **200 companies** operate in these various fields, backed by an ambitious governmental programme.





## DID YOU KNOW?



With no fewer than **nine Michelin-starred restaurants** in Luxembourg, **two of which have received two stars**, the country has an extremely high density of gourmet restaurants.

Source: 2019 Michelin Guide

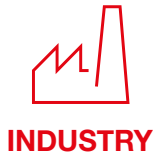


## TOURISM AND MICE

**The tourism industry**, which is experiencing constant growth thanks to the proactive policies of successive Governments to support and promote tourism, represents **6.5% of Luxembourg GDP** and directly or indirectly employs **20,000 people**. In 2018, the Ministry of the economy decided to earmark a budget of EUR 60 million over four years for the continued development of the country's tourist infrastructure.

Within this industry, the **MICE sector** (Meetings, Incentives, Conferences and Exhibitions) is also seeing significant growth and has become a key priority of the Government's tourism policy. The economic benefits per overnight stay are on average three times higher in business tourism than in leisure tourism.

➤ FOR FURTHER INFORMATION:  
<https://meetings.visitluxembourg.com/>



Long dominated by steel, the industrial sector in Luxembourg has been the subject of major diversification over the past 30 years and is currently seeing **renewed growth** through numerous investments with the aim of expanding or modernising existing facilities, building new ones and **fostering innovation**. Much of this investment is made by international players drawn by Luxembourg's location and infrastructure quality.



/ CTI Systems factory /

# EXAMPLES OF INDUSTRIAL PROJECTS

**Faymonville**, Belgian manufacturer of semi-trailers for exceptional loads; construction of a new 10,000 m<sup>2</sup> factory and logistics centre.

**Goodyear (tyres) and IEE (sensors)**, research and development centre.

**Avery Dennison**, US producer of rolls of paper labels; 12,000 m<sup>2</sup> extension to house a new production line and increase its storage and delivery capacity.

**ArcelorMittal (steel)**, investment in the production line and in logistics infrastructure.

**OCSiAl**, Russian manufacturer of carbon nanotubes. Creation of a research centre and a manufacturing site.

**Hydro Aluminium**, Norwegian producer; aluminium recycling unit.

**Brasserie de Luxembourg**, subsidiary of the Belgian-Brazilian group AB InBev; construction of a new brewery.

**Euro-Composites**, Luxembourg manufacturer of panels using composite materials; extension of the manufacturing site and acquisition of state-of-the-art equipment.

**Fanuc**, Japanese manufacturer of industrial robots with its European headquarters in Luxembourg; 20,000 m<sup>2</sup> European storage and distribution centre.

**DuPont**, US chemical specialty group; construction of a second Tyvek<sup>®</sup> production line.

**Fage**, Greek yogurt manufacturer; 15-hectare production unit.

**Retal**, a Ukrainian manufacturer of plastic closures and preforms for bottles; 4,000 m<sup>2</sup> industrial site installed in 2016; five production lines.

**Kronospan**, Austrian manufacturer of particleboard and chipboard panels; production capacity expansion and second cogeneration plant.







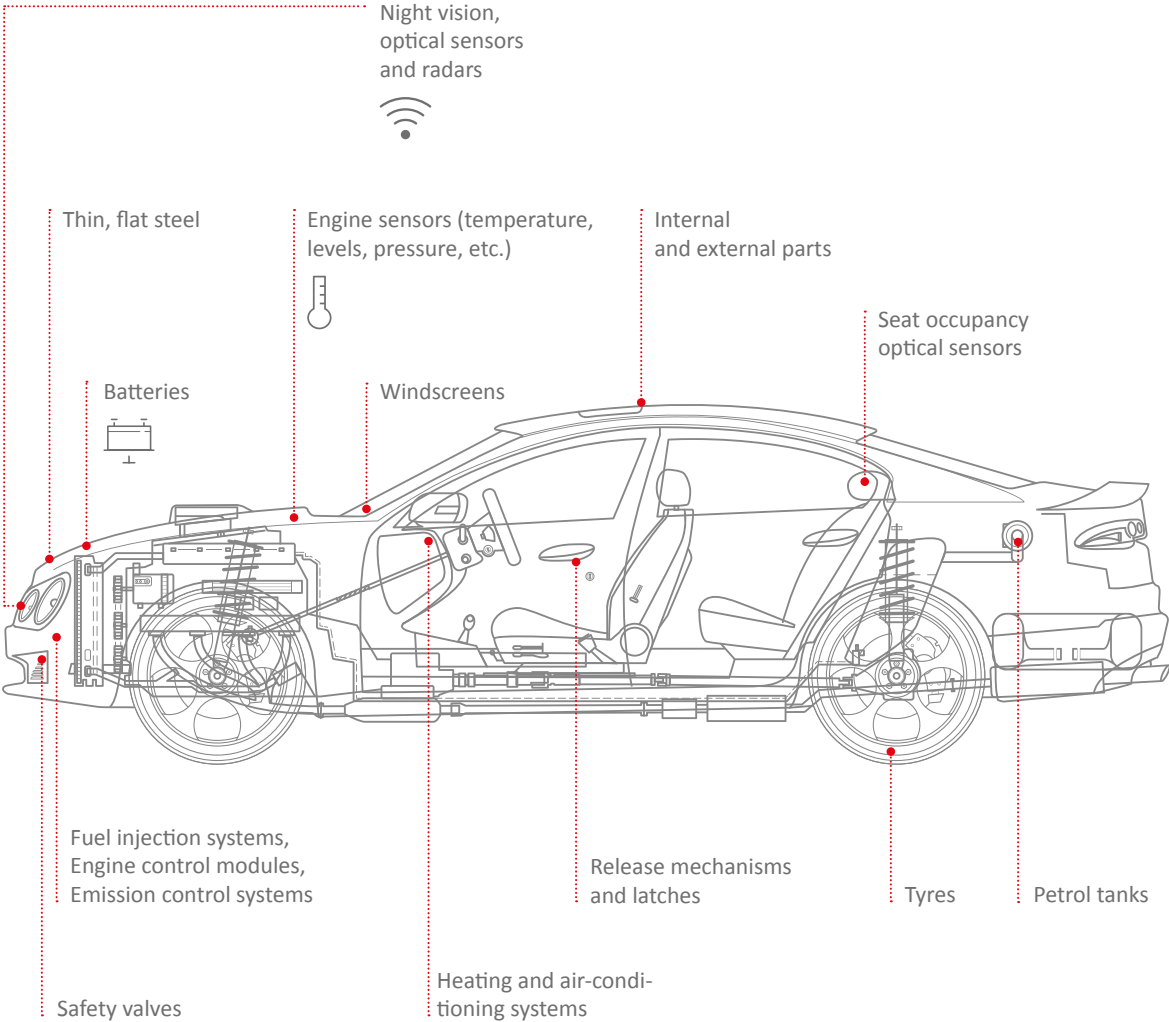
/ Carlex Glass Luxembourg factory/

## CAR INDUSTRY

Luxembourg boasts no fewer than **50 active companies** in the automotive components sector. The sector employs **10,000 people** and accounts for **EUR 1.5 billion in turnover**. Within this industry segment, **research and development staff make up 25% of the workforce**. Close links exist between companies in this sector and specific research centres where new products are developed. To foster this trend, the country is set to open an Innovation Campus located in Bissen, close to the Goodyear test circuit, in 2020. Several industry players will be encouraged to move their research activities to the site, making use of the laboratories, conference rooms and exhibition centres on offer at this new innovation hub.

Luxembourg is widely viewed as an ideal market in which to develop and test new vehicle models.

# PRODUCTS AND TECHNOLOGIES DEVELOPED BY COMPANIES BASED IN LUXEMBOURG





## SPACE

Luxembourg exhibits a marked interest in space-related activities. The geostationary satellite company **SES** is a true pioneer that began its activities in 1985. Since then, it has become the leading satellite operator in Europe and the second-largest player worldwide, with a 22% market share. **More than 70 SES satellites** are currently in orbit around the Earth. The first satellite 100% from Luxembourg was launched in October 2011.

In 2005, Luxembourg joined the European Space Agency to take part in telecommunications, Earth observation, technology and navigation programmes. 2005 was also the year in which GLAE (Groupement luxembourgeois de l'aéronautique et de l'espace – Luxembourg aeronautics and space group) was founded.

**Today the sector encompasses around 30 active companies** and has a total workforce of around 700 people.

In 2016, Luxembourg embarked upon a new stage in its “conquest” of space with a strategy aimed at expanding the use of spatial resources, including rare metals found in asteroids. The strategy involves creating a legal framework, investing in R&D programmes and buying participating interests in companies within the sector.

In September 2018, Luxembourg set up a national agency to define and implement its spatial strategy: **the Luxembourg Space Agency (LSA)**.



## THE CLUSTERS

Since 2002, the Luxembourg government has encouraged **the creation of clusters for sectors it considers vital in terms of the country's economic diversification**. This involves fostering a network of private and public players that will create favourable ecosystems for entrepreneurship, technology transfer, innovation and increased international awareness.

The clusters, most of which are part of Luxinnovation (the national innovation agency), cover a wide spectrum of activities:

- Automobility
- BioHealth
- Creative industries
- EcoInnovation
- ICT
- Logistics
- Maritime
- Materials and manufacturing
- MICE
- Wood

➤ FOR FURTHER INFORMATION:

[www.luxinnovation.lu/innovate-in-luxembourg/luxembourg-cluster-initiative/](http://www.luxinnovation.lu/innovate-in-luxembourg/luxembourg-cluster-initiative/)



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As many business leaders point out, the small size of Luxembourg's domestic market means that every business must think internationally in the majority of its decision-making processes. This characteristic, coupled with the fact that Luxembourg's workforce is drawn from dozens of different nationalities, makes Luxembourg one of the world's most open economies.



An open and  
globalised economy



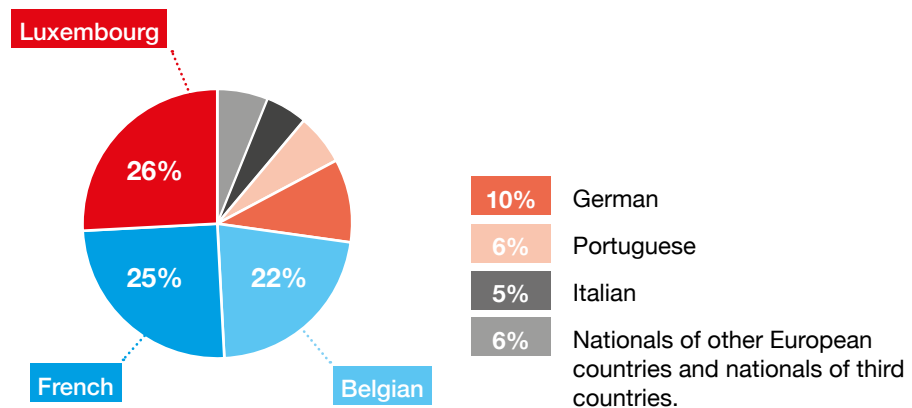
## LUXEMBOURG AT THE HEART OF EUROPE

Luxembourg is positioned at the heart of Europe. It is part of the **European Union** and the **Schengen Area**. It therefore serves as the ideal entry point to a market of over **510 million consumers**, and an area in which goods, people and capital circulate freely.

Luxembourg maintains close links with the three countries it borders. Two of these (Germany and France) are among Europe's largest markets, and Luxembourgers have a perfect command of both languages.

### NATIONALITIES OF LUXEMBOURG ENTREPRENEURS

Luxembourg's highly European and international nature is also clear from the **diverse nationalities of the entrepreneurs** who start businesses in Luxembourg.



Source: Statec 2008



**LUXEMBOURG:  
AT THE  
HEART OF  
THE GREATER  
REGION**

Luxembourg is located at the centre of a cross-border area known as the **Greater Region**, within which a number of cooperative initiatives have been developed since the 1980s. The Greater Region encompasses Luxembourg, the French departments of Meurthe-et-Moselle, Meuse and Moselle, the German regions of Saarland and Rhineland-Palatinate, as well as Wallonia and Belgium's German-speaking community. Luxembourg is the smallest territory in this vast area, but it is located right in the heart of it. The Greater Region is home to **11.5 million people, more than 530,000 businesses** and **15 universities**.

It is a region characterised by intense interaction between its component territories, particularly as regards the labour market. This region alone accounts for about 15% of the border crossings within the EU, with over 230,000 people crossing a border on a daily basis to reach their place of work. Of these, 78% commute to Luxembourg from France, Germany or Belgium.



## DID YOU KNOW?

LUXEMBOURG BOASTS  
**359 KM** OF BORDERS,  
INCLUDING  
**148 KM** WITH BELGIUM,  
**138 KM** WITH GERMANY,  
**73 KM** WITH FRANCE.

SEVERAL ECONOMIC  
CENTRES  
**2 HOURS**  
**AWAY**  
BY TRAIN OR  
AEROPLANE





# LUXEMBOURG

## LET'S MAKE IT HAPPEN

/ Luxembourg's stand at the MIPIM trade fair in 2019 /



### LUXEMBOURG AND THE REST OF THE WORLD

**Luxembourg's economy is the most open in Europe** and one of the most open in the world. It is possible to measure the concept of openness by comparing the total volume of a country's goods and services imports and exports to its GDP. For Luxembourg, this ratio stands at 206, whereas the Belgian ratio is 84 and that of the United States is just 13.

The degree of openness is also indicated by the **Open Markets Index** produced by the International Chamber of Commerce (ICC). Luxembourg ranks **third** in this classification system, behind Singapore and Hong Kong and ahead of the Netherlands (2017 rankings).

Nearly 65% of the goods and services produced in Luxembourg are exported.

The goods accounting for a major share of Luxembourg's **exports** include manufactured metal products (steel, metallurgy, etc.), machines and equipment, and transport equipment.

In terms of **imported** goods, the most well-represented product categories are transport equipment, machines and equipment, and chemical products.

## DID YOU KNOW?



### MULTILINGUALISM AND CULTURE



Almost all **films** screened in Luxembourg cinemas are shown in the **original version with subtitles**.



In **museums**, explanatory panels are provided for most pieces in **three languages**: German, French and English.



The local **press** produces newspapers and magazines featuring **articles in German, French and English**. Newspapers and magazines are also available in the languages of the foreign communities with the largest numbers of inhabitants.



*Thanks to its international airport, among other factors, Luxembourg is an excellent distribution hub for Benelux.* ”

Cyril Marchiol,  
Tsumé

In terms of the import of goods, the most represented product categories are transport equipment, machinery, as well as chemical products.

The three countries that account for the most commercial exchanges with Luxembourg are Germany, France and Belgium, with products of Belgian origin being the most common imports. Luxembourg had a negative trade balance of EUR -6.8 billion in 2018, with exports totalling EUR 13 billion and imports totalling EUR 19.8 billion.

The Grand Duchy had a **current account** (the balance of monetary flows, including the trade balance, salaries, dividends, interest, fund transfers, etc.) surplus of EUR 2.8 billion in 2018. This was mainly due to a substantial surplus in the services account arising primarily from the export of financial services.

Further evidence of the country's openness is its ability to attract **foreign investment**. In 2016, Luxembourg attracted USD 31.8 billion in direct foreign investment.

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**Luxembourg is highly adept at using tax policy to increase the country's appeal** in the context of fierce international competition to attract businesses. The Government carried out a tax reform in 2017 with three objectives: fairness, sustainability and competitiveness.



**Taxation**

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**CORPORATE  
TAXATION**

Luxembourg's tax regime is becoming more attractive for companies. **The overall standard corporate tax rate**, which had already been reduced in 2017, **was cut from 26.01% in 2018 to 24.94% in 2019** following another reform. This new rate comprises several components: a corporate income tax (IRC) of 17% (down from 18%), plus a solidarity surtax of 7% levied as a contribution to the Employment Fund and the municipal business tax. The latter is set by each municipality; for example, the rate for Luxembourg City stands at 6.75% (the reference used to calculate the aforementioned rates).

Companies can take advantage of a number of **tax relief measures**, for example to finance their investments. Moreover, companies with taxable income below EUR 175,000 have benefited from an overall standard rate of 22.80% since 1 January 2019. All of these changes are therefore **beneficial to small and medium-sized enterprises** (SMEs).

In addition to the 2019 tax reform, new measures relating to intellectual property were adopted in April 2018 in a bid to encourage companies to invest in this area.







/ Luxembourg House – Concept Store /



**Luxembourg's income tax rate for natural persons is one of the lowest in Europe**, particularly for couples. Income tax is based on **23 tax brackets** and the maximum marginal tax rate has stood at **42% since 1 January 2017** (rising to 45.78% once the "Employment Fund" solidarity surtax is included at a rate of 9% for those with income above a certain threshold).

Individuals' tax burdens in Luxembourg depend upon their income and the composition of the household. According to the OECD, a married couple with two children and two salaries (100% and 67% of the average salary, respectively) will be taxed at a total rate – including social security contributions – of 26.3 %, versus a European Union average of 35.2 %.

**Property tax is also one of the lowest in Europe.** According to the European Commission, recurrent taxes on property assets were rising at a rate of 0.1% of the GDP in 2017 in Luxembourg, compared with 1.3 % in the eurozone.



## VALUE ADDED TAX

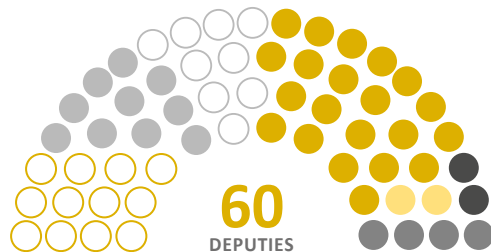
**The standard VAT rate has stood at 17% since 1 January 2015.** This is one of the lowest rates in the European Union (VAT is 18% in Malta, and 19% in Cyprus, Romania and Germany). Moreover, Luxembourg applies an intermediate rate of 14% (on custody and securities management fees, inter alia), a reduced rate of 8% (on certain energy supply operations, inter alia) and a “super-reduced” rate of 3% (on most foodstuffs, eating out, books and medicines, as well as certain construction and renovation projects, to cite just a few examples). Furthermore, “housing” VAT may be applied at a rate of 3% when individuals are purchasing and renovating a primary residence.

Excise and similar duties also compare favourably with those of other countries.

## DID YOU KNOW?

### POLITICAL LANDSCAPE

Composition of the chamber of deputies (following the legislative elections on 14 October 2018)



● **21**  
CSV DEPUTIES  
(CHRISTIAN DEMOCRAT)

● **10**  
LSAP DEPUTIES  
(SOCIAL-DEMOCRATIC)

○ **12**  
DP DEPUTIES  
(LIBERAL PARTY)

○ **9**  
DEI GRENG DEPUTIES  
(GREEN)

● **4**  
ADR DEPUTIES  
(RIGHT-WING)

● **2**  
DEI LENK DEPUTIES  
(LEFT-WING)

● **2**  
PIRATE PARTY  
DEPUTIES

### VOTING RIGHTS FOR FOREIGNERS



In Luxembourg, **foreign nationals who have lived in the country for at least five years** can join the electoral register to **vote in municipal and European elections**.

In late 2015, Luxembourg launched the Third Industrial Revolution (TIR) strategic study, in partnership with the team of US economist Jeremy Rifkin. This was the first stage of an initiative aimed at imaging the Luxembourg of tomorrow, bearing in mind current and future technological changes and the need to use the planet's resources more responsibly.

A modern tram is shown in a city setting. The tram is white and black with large windows. The destination sign above the front window reads "GARE CENTRALE". The tram has "LUXTRAM" and "CAF" logos on its side. The background shows modern buildings and greenery.

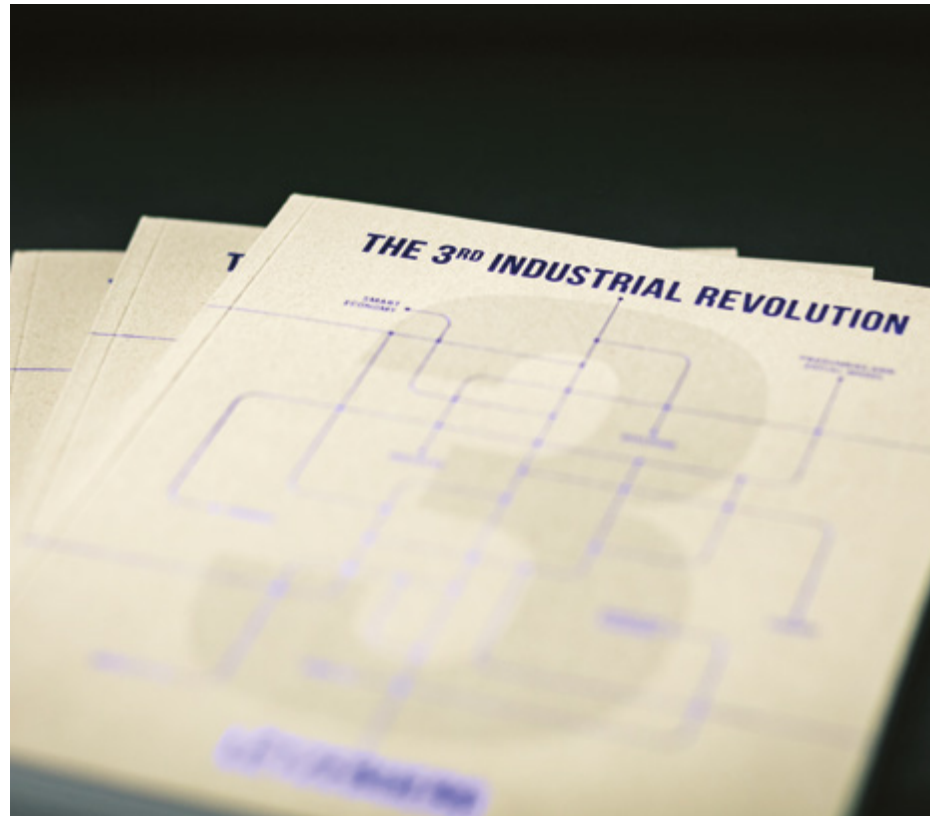
Luxembourg  
tomorrow



Involving public and private stakeholders as well as the general public, the Third Industrial Revolution strategic study has a very broad scope covering nine key topics (six sector-based focuses and three horizontal axes). A dedicated working group was assigned to each topic, and their conclusions were made public on 14 November 2016 in the form of a 2050 roadmap.

The three horizontal axes are:

- Smart economy,
- Circular economy,
- Prosumers and social model.







/ 14 November 2016 – US economist Jeremy Rifkin presents the results of the TIR study /

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#### THE SIX SECTORAL FOCUSES ARE:



**Energy:** Luxembourg is aiming for 70% of its total energy consumption to come from renewable sources (wind, solar and geothermal energy and biogas) by 2050.



**Mobility:** Luxembourg is seeking to facilitate greener forms of transportation by promoting electric and driverless vehicles and investing in public transport infrastructure.



**Construction:** limiting energy consumption means inventing a new generation of buildings. Pilot projects in smart construction are being carried out to pave the way for circular resource usage.





**The food sector:** Luxembourg wants to conduct an in-depth analysis of the management of food waste and energy usage in the sector.

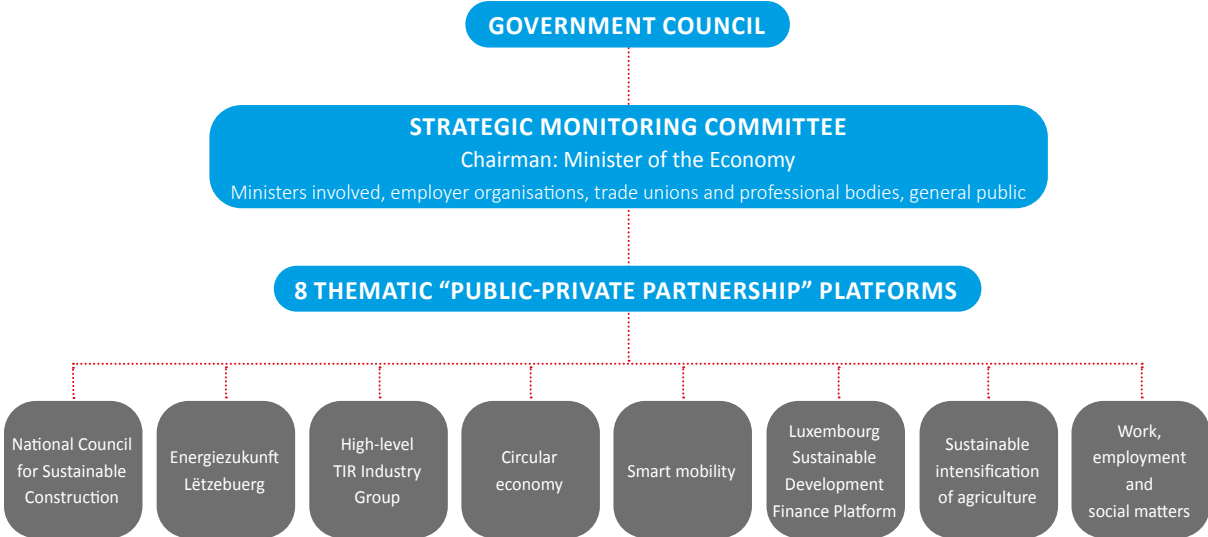


**Industry:** Luxembourg intends to retain its industrial prowess by encouraging the adoption of new technologies in factories and engineering centres: 3D printing, robotics, virtual design, augmented reality and the internet of things.



**Finance:** the financial sector is committed to innovation and digital transformation too. To support the country's economic transition, the financial sector is looking to develop "green" finance and microfinance, update its legal framework and emphasise financial education.

# GOVERNANCE OF THE “THIRD INDUSTRIAL REVOLUTION” STUDY



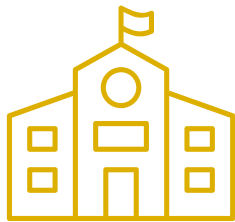
➤ FOR FURTHER INFORMATION:  
[www.troisiemerevolutionindustrielle.lu](http://www.troisiemerevolutionindustrielle.lu)





/ Technoport, Esch-sur-Alzette /

## DID YOU KNOW?



### LUXEMBOURG **BOASTS** AROUND 15 INTERNATIONAL SCHOOLS

Tuition is provided throughout pupils' academic career, from preschool to secondary education, in several European languages.

Moreover, several Luxembourg schools and colleges are now offering English-language streams.

### INFRASTRUCTURE **FOR SPORTS** IS PARTICULARLY WELL-DEVELOPED IN LUXEMBOURG

FOR EXAMPLE:



**6** GOLF  
COURSES



**38**  
SWIMMING  
POOLS



DID YOU KNOW?

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# HISTORY OF THE LUXEMBOURG ECONOMY

**From a rural country to a nation at the forefront of technological development:** the key stages of the Luxembourg economy.

Luxembourg is best described as a country in a constant state of transformation, having reinvented itself in a changing world. The country has also shown remarkable resilience amid the turbulence of recent years and prepared itself to face future challenges.



## PERIOD IN WHICH **AGRICULTURE IS PREDOMINANT**



**The Grand Duchy of Luxembourg gains its independence:** the Treaty of London (19 April) establishes the country's current borders and separates it from Belgium.



**1839**



**Issuance of the Grand Ducal decree** creating the Chamber of Commerce.



**1841**



Luxembourg takes part in the first **Great Exhibition in London.**



**1851**



**1859**

**Luxembourg's first two railways lines open** (connecting Luxembourg to France and Belgium).





## PERIOD IN WHICH INDUSTRY DOMINATES THE ECONOMY



First industrial revolution in Luxembourg.

FROM 1860



The steel and mining industry comes to dominate the south of Luxembourg. From 1870 to 1970, it is one of the principal pillars of the country's prosperity.

FROM 1870



Foreign steelworkers outnumber their Luxembourg counterparts following the arrival of the first major wave of immigrants.

FROM 1899



Laws creating the first health insurance, accident insurance and pensions. These forms of insurance serve to reduce social inequality and promote cohesion.

1901-1902 AND 1911

1926

Creation of the Franco-German **Entente Internationale de l'Acier** (International Steel Alliance, EIA).



1927

Luxembourg boasts **24 banking institutions.**



1929

Economic crisis, stock market crash. Start of the **Great Depression**, the worst economic crisis of the 20<sup>th</sup> century.



1945

Luxembourg joins the **International Monetary Fund and the World Bank** as a member in its own right.





**Miners and steelworkers**  
(19,000 workers) account for over half of the country's labourers and craftspeople.



A Grand Ducal decree uses the term "**Luxembourg franc**" for the first time.



Creation of the **Belgium-Luxembourg** economic union (BLEU).

1913

1918

1921

AFTER 1945

**Second industrial revolution in Luxembourg.**

The automotive, chemicals and electricity sectors experience strong growth.



1952

Luxembourg is a founding member of the **European Coal and Steel Community (ECSC)** and becomes the first capital of Europe.



1957

Luxembourg is a founding member (alongside Belgium, France, Germany, Italy and the Netherlands) of the **European Economic Community (EEC)**, the forerunner of the European Union.

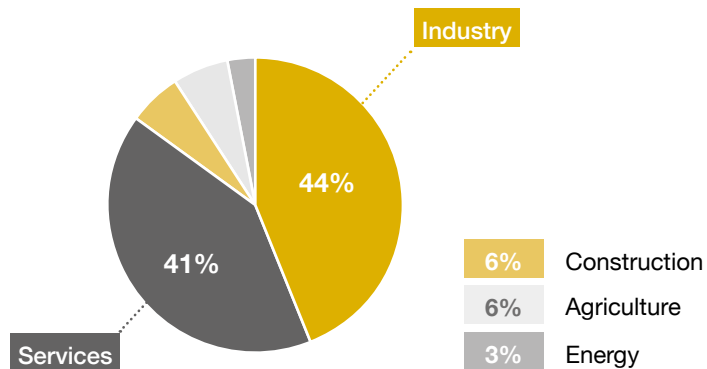


1966

**Creation of the Economic and Social Council (ESC)**, a body that advises on matters of economic and social strategy.



**STRUCTURE OF THE ECONOMY IN 1970**  
(AS PERCENTAGE OF GDP)

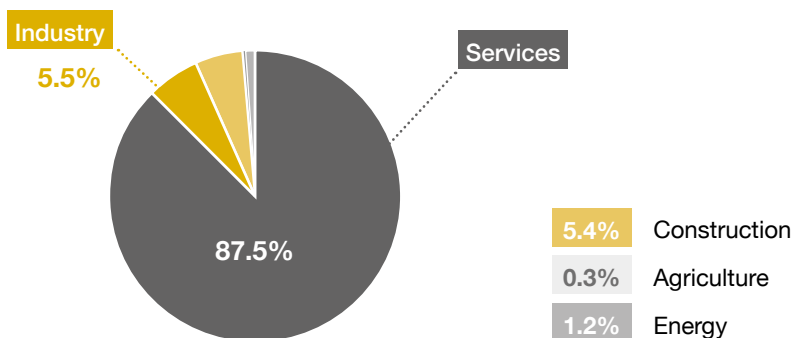


**DID YOU KNOW?**

**LUXEMBOURG IS A MEMBER OF THE FOLLOWING INTERNATIONAL UNIONS:**

- Zollverein (1842-1919)
- BLEU (1921)
- Benelux (1944)
- United Nations (1945)
- NATO (1949)
- Council of Europe (1949)
- ECSC (1952)
- European Community (1957)
- OECD (1960)
- Schengen Area (1985)
- European Union (1993)
- Eurozone (1999)

**STRUCTURE OF THE ECONOMY IN 2018**  
(AS PERCENTAGE OF GDP)



## EXPANSION OF THE SERVICES SECTOR



Presentation of the Werner plan, which advocates the introduction of a **single European currency**.

1970



**The worldwide steel crisis has a severe impact on Luxembourg.** For the first time in over 20 years, a negative growth rate is recorded for GDP in real terms.

1975



The Law of 24 December creates the **Tripartite Coordinating Committee** of social partners (representing employers, trade unions and government) tasked with finding consensus solutions to particular economic and social issues.

1977



Launch of the “**Made in Luxembourg**” label by the Chamber of Commerce, the Chamber of Skilled Trades and Crafts and the Ministry of the Economy.

1985

Luxembourg joins the **Schengen Area** (free movement).



1999

**Introduction of the euro in scriptural form** and the launch of the single monetary policy.



2002

**Euro** notes and coins enter circulation.



2005

Luxembourg says “yes” in the referendum of 10 July 2005 on the **European constitution**.



2015

The Ministry of the Economy announces that a wide-ranging strategic study will be carried out, entitled “**The Third Industrial Revolution**”.



2018

**Luxembourg creates its own space agency** to define and implement the country’s strategy in this area of activity.







➤ **For further information promoting the Luxembourg economy**  
(investing in Luxembourg, innovating in Luxembourg, exporting from Luxembourg)  
visit [www.tradeandinvest.lu](http://www.tradeandinvest.lu)

**Useful contacts**



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## CHAMBER OF COMMERCE



[www.cc.lu](http://www.cc.lu)



@ccluxembourg



Luxembourg Chamber  
of Commerce



@ccluxembourg

The Chamber of Commerce defends the interests of companies from all economic sectors (excluding the artisanal and agricultural sectors), i.e. **90,000 nationals** representing **75% of salaried employment** and **80% of Luxembourg's GDP**.



7, Rue Alcide de Gasperi  
Luxembourg Kirchberg



[chamcom@cc.lu](mailto:chamcom@cc.lu)

## INTERNATIONAL AFFAIRS

The primary role of the International Affairs department of the Chamber of Commerce is to promote Luxembourg's economic and trade relations with foreign countries and to help companies to expand the export of their products and services.



[international@cc.lu](mailto:international@cc.lu)

## HOUSE OF ENTREPRENEURSHIP

powered by the Luxembourg Chamber of Commerce

## HOUSE OF ENTREPRENEURSHIP



[www.houseofentrepreneurship.lu](http://www.houseofentrepreneurship.lu)

The House of Entrepreneurship is a **platform** that brings together all the stakeholders in the value chain associated with **creating and developing companies in Luxembourg**. It offers a comprehensive range of services to entrepreneurial project initiators and established leaders.

Upon request and subject to preselection by the Ministry of the Economy, foreign investors may also receive assistance when they arrive in Luxembourg in the form of a customised programme.



14, rue Erasme,  
L-1468 Luxembourg-Kirchberg



[info@houseofentrepreneurship.lu](mailto:info@houseofentrepreneurship.lu)

## HOUSE OF STARTUPS

powered by the Luxembourg Chamber of Commerce

## HOUSE OF STARTUPS



[www.host.lu](http://www.host.lu)

Launched by the Chamber of Commerce in 2018, the House of Startups is an **incubator centre** comprising four entities: the **Luxembourg-City Incubator**, an initiative by the Chamber of Commerce and Luxembourg City, the **Luxembourg House of Financial Technology (LHoFT)**, **Hub@Luxembourg** and the **International Climate Finance Accelerator**.



9 rue du Laboratoire,  
L-1911 Luxembourg-Gare



[reception@host.lu](mailto:reception@host.lu)



## DID YOU KNOW?

Since the House of Entrepreneurship was launched in 2016, an average of **38 future entrepreneurs** have passed through its doors every day looking for advice. Of these, **2/3 are “young” entrepreneurs**. In 2018 alone, the staff of the House of Entrepreneurship organised a total of **9,178 face-to-face interviews**, dealt with **9,565 e-mails** and made **14,967 telephone calls** regarding requests from project initiators or established entrepreneurs.

### GUICHET.LU



[www.guichet.public.lu/entreprises](http://www.guichet.public.lu/entreprises)

The Luxembourg government’s administrative guide features a **business portal in French, English and German**, offering companies useful information from an administrative point of view and facilitating a number of **online operations**.

### LUXEMBOURG FOR FINANCE



[www.luxembourgforfinance.com](http://www.luxembourgforfinance.com)

Luxembourg for Finance (LFF), the agency for the development of the financial centre, is a public-private partnership between the Luxembourg government and the Luxembourg Financial Industry Federation. Its aim is to **develop Luxembourg’s financial services industry** and identify new opportunities for development.



12, rue Erasme  
L-1468 Luxembourg

### LUXINNOVATION



[www.luxinnovation.lu](http://www.luxinnovation.lu)

Luxinnovation is an organisation that contributes to the **economic development of Luxembourg by facilitating innovation, promoting Luxembourg’s activities abroad** (import-export) and **servicing as a point of contact with foreign investors**.



5, avenue des Hauts Fourneaux  
L-4362 Esch-sur-Alzette

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