

## // Why Luxembourg for logistics ?

Many countries have sought to promote themselves as logistics hubs but few offer the advantages of Luxembourg. Land and labour is relatively expensive, so the government and the industry are seeking to move up the value chain into creating "lead logistics providers". Speaking at the 16th February Logistics Management Forum at Luxexpo, the managing director of Kuehne & Nagel Luxembourg Clemens Abt spelt out where the industry is going and why Luxembourg is the place to be.

Few companies now manage their own logistics but the outsourcing opportunities today go way beyond that. Abt pointed out that now the talk is of "global supply chain performance being a key driver for ensuring a global competitive advantage." Kuehne & Nagel are well positioned to offer these services, operating out of 850 locations in 100 countries with 54,000 staff producing turnover of 21 billion CHF in 2007. They employ about 500 people here.

### // Carry the load

The aim is to ease the burden on clients so they can concentrate on core business, increase agility, turn fixed into variable costs and even cut costs with savings targets. The challenges are huge: increased liabilities, longer supply chains, the need to respect customer agility, end-to-end visibility, compliance and security. Satisfying these demands is the role of the "lead logistics provider".

Nearly 80% of EU GDP lies within 800km of Luxembourg stretching from the UK through the Benelux, France, Germany, Italy to Spain. Multilingualism is important, as is the presence of Cargolux which has made Findel the 7th largest cargo port in the world in terms of tonnage. The road and rail links are good too and the government is working to create a multimodal logistics hub in Bettembourg.

### // VAT made cheap and easy

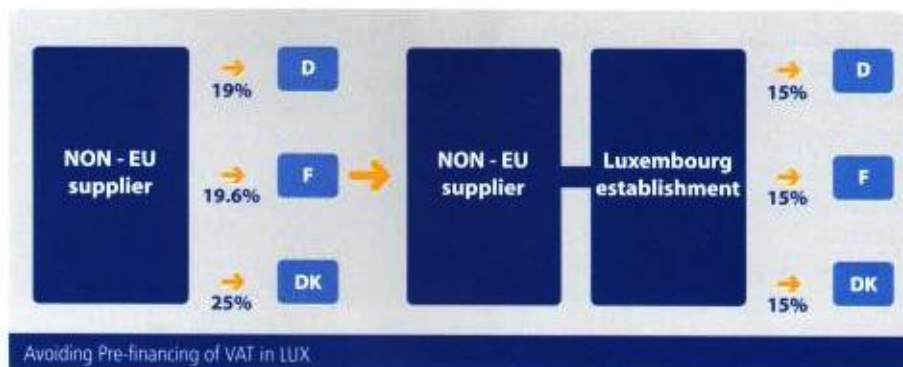
But the clincher for many are the low taxes which are in force and the flexibility with which they are applied. Abt highlights the advantages: "By setting up a bridgehead in Luxembourg, non-EU suppliers charge their EU customers a unique VAT rate of 15%. The lowest VAT rate within the European Union, represents a considerable advantage for suppliers." Firms can also avoid pre-financing VAT and so do not have to tie-up capital. "It is possible to shift payment of import VAT to the VAT return," Abt notes "in contrast to most EU countries which ask for tax payments or require cash guarantees." This is unconditional with only the Czech Republic offering similar arrangements in the EU.

As well, only limited guarantees are requested by the VAT authorities from non-EU companies registered in Luxembourg. There is optional VAT representation for foreign traders importing goods into Luxembourg and contacts are direct and open with the authorities. Add to this moderate income taxes and firms are on to a winner.



### // Clustering

To underline the government's hopes for this sector, they launched an official organisation "Cluster For Logistics, Luxembourg" at this conference. It is designed as a networking organisation designed to help business work together and promote the sector here and abroad.



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Apologies – the latter half of article was cut in error in the last edition. Here it is in full.