

# Building for take off



Cargolux; the jewel in the logistics crown

**Progress was never going to be swift in developing the logistics sector, and this was before the economic downturn affected regional and global trade. This country's clumsy planning laws haven't helped either. Yet the effort is continuing, with a twin-track approach of improving infrastructure while working to speed up administrative steps that are at the heart of an efficient logistics process. The aim is to attract and develop sophisticated, niche "lead logistics providers."**

## Cluster For Logistics, Luxembourg

Is designed to facilitate networking between diverse actors coming together through working groups on topics such as education, innovation and product development, legal and regulatory issues, innovation...

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

Luxembourg has no ambition to become a volume logistics player (land and staff are too scarce), rather a specialist offering innovative value-added services. These include operational services (organising transportation) and strategy (modelling, planning, scheduling...). The idea of establishing a free trade zone has not been followed through, presumably as this would be quite controversial amongst EU partners.

### Admin and tax

The country seems to be doing something right, as the World Bank's Logistics Performance Index put Luxembourg at 5th place last year, performing best overall on two of the criteria: customs and timeliness. The aim is to improve this, with 2011 targeted as the year for the introduction of a single electronic administrative access point and, 2015 for a one-stop-shop for dealings with multiple government agencies involved in customs clearance. A new customs code is also in the pipeline.

Taxes and the flexibility of their application are central to the country's attractiveness, as non-EU suppliers can charge a single VAT rate if they ship through a Luxembourg bridgehead. There is also no need to pre-finance VAT and so there is no need to tie-up capital through guarantees, further boosting the country's appeal for trans-shipment. Add this to the fact that nearly 40% of EU GDP lies within 500km of the (multi-lingual) country and the package is attractive.

### Double capacity, when allowed

Onto this base, the on-going plan is to redevelop a multi-modal logistics hub at Bettembourg to act as a road-rail interface, with the provision of logistics services. The plan is to broadly double the capacity and facilities of CFL Multimodal, which today has a 12.5 hectare container terminal featuring a gantry crane, 2 x 700m of rail for loading and 3 'reach-stackers.' This road-rail platform would be there for the simultaneous loading and reload-



Close to the North Sea ports

ing of up to 20 semi-trailers, with three daily return trips from Bettembourg to Perpignan.

Without the improvements, CFL foresees supply constraints. Currently about 200 people work there but the company's medium term aim is to add a further 170. However, planning roadblocks are blamed for delaying development by about two years, with construction likely to begin half way through this year.

### Air-bridge is central

Cargolux is at the centre of this effort, having become the world's largest all-cargo airline, the 8th largest cargo airline and so being at the centre of making Findel the 7th largest cargo port in the world in terms of tonnage. The airport has a reputation for its quick turn-around times and the ability to handle specialised shipments. So here, for example, is the chance for cross-over with health-tech, as the bio-bank needs to receive samples transported in a carefully controlled environment.

However, the market has been tough world-wide as trade has dropped, leading to sharp falls in cargo tonnage transiting Findel: -8.0% in 2008 and -20.2% in 2009. There was a partial recovery last year, with an increase of

16% in tonnage during the first nine months of the year, but the overall level is still down. There was a problem, as the firm had to try to provide capacity to handle the swift change in fortunes of the world economy, changing tack from low to higher levels of trade. It meant the company has at times failed to match demand because of lack of aircraft space.

However, efficiency should be boosted in the spring/summer when the company will be the first delivery of the newly developed Boeing B747-8F freighter. Cargolux has 13 firm orders and two options on the aircraft which will be able to carry over 20 tonnes more freight, and do so at a 15% cost reduction per tonne-kilometre of cargo than the current 747 model. CO<sub>2</sub> emissions could be as much as 30% lower, too.

Text: Stephen Evans

## Logistics Management Forum 2011

### Thursday 10th February

15:00 – 17:00

Workshop: Which innovative infrastructure for logistics for Luxembourg?

Keynote speaker: Jeannot Krecké, Minister of the Economy and Foreign Trade  
Tailor-made (sustainable) and intermodal services roundtable

18:00

Contact B2fair Business Awards

### Friday 11th February

10:30 – 11:45

Introduction Pierre Gramegna, president of the Cluster for Logistics Luxembourg  
Followed by presentations on: the logistics platform of Zaragoza and The Port of Zeebrugge: A maritime co-modal platform

12:15 – 13:30

Lunch with information on 'Single Window for Logistics', customs administration

14:00 – 15:00

Presentation of green case studies

14:00 – 16:00

Training session on using wooden boxes for the transport of dangerous goods

15:00 – 16:30

Green logistics

See [www.luxexpo.lu](http://www.luxexpo.lu) for more details