



Luxembourg, in the automotive heart of Europe.

LUXEMBOURG AT THE CROSSROADS OF THE EUROPEAN AUTOMOTIVE MARKET

Europe is the largest automotive market worldwide. In 2004, more than 20 million light vehicles have been sold alone in Europe compared to 58 million worldwide for the same period of time. By 2010, the European demand for light vehicles is expected to exceed 22 million cars, which makes the automotive industry a highly dynamic sector of the European economy.

component suppliers with a multi-customer base to deliver their products easily and directly.

State-of-the-art infrastructure, and direct air cargo connections to cities on the five continents make Luxembourg an ideal gateway to the European market, be it in investment, research and development or trade.



Luxembourg is centrally located in the automotive heart of Europe. At the crossroads between Germany, France and Belgium, it offers "just-in-time" access to the major European car manufacturers and assembly plants. It is an ideal location for

The economic development and diversification policy implemented by the Government encourages investment and research and fosters Luxembourg's position in the automotive components industry.

OPPORTUNITIES FOR AUTOMOTIVE COMPONENT SUPPLIERS

The European automotive components industry generates sales of more than 400 billion euro annually. Component suppliers contribute up to an average of 65% of the total value added of a car. By 2015, their input is expected to represent almost 80% of the total value creation in light vehicle engineering and production. Thus, Europe is foreseen to become the largest centre of engineering and production in the automotive sector.

New business opportunities are arising not only through strategic alliances between car manufacturers, component suppliers and public research institutes in areas such as module assembly and system integration, but also through innovations in new fields such as:

- alternative fuels
- active and passive safety

- driver assistance
- electronics and sensors
- telematics, navigation and traffic management systems
- materials and structures
- on-board diagnostic systems
- intelligent cruise control devices
- collision warning systems
- in-vehicle messaging and ground-positioning systems/cellular phone-based safety systems.

Car manufacturers are relying on suppliers not only for manufacturing but also for an increasing number of other purposes, such as module assembly, systems and component design, and systems integration. Therefore, they will increasingly outsource technology development to suppliers.

WHY LUXEMBOURG?

In today's competitive world, the ability to accurately assess the attractiveness of countries or markets becomes increasingly important for companies operating on a global scale.

The facts leave no doubt that Luxembourg has much to offer in this respect. Comparisons with other countries illustrate its attractive business environment and its superior performance in many areas.

► An exceptional business environment

Luxembourg's economic policies value the strength of private initiative and innovative spirit. A free market approach gives businesses broad freedom of action. It is a small country where business can be developed easily and directly, avoiding cumbersome administrative red tape that is so often encountered. The Government is willing to



However, what makes Luxembourg stand apart is the fact that it manages to combine a unique series of assets:

► Sound economic fundamentals

Far-sighted and pro-business policies supported by a strong national consensus have enabled Luxembourg to successfully meet the challenges of economic change over the past decades. Today the Grand Duchy enjoys the highest standard of living in Europe, low inflation and unemployment, competitive corporate and personal income taxes and a balanced budget.

Due to its central location in Europe, its cosmopolitan population, the high level of education, the multilingual capabilities and the high productivity of its labour force, Luxembourg is an ideal starting point from where to gain access to the approximately 460 million European consumers.

► Luxembourg connecting people

Located in the "Heart of Europe", Luxembourg offers well-developed transportation and communication networks. The extended road and rail system as well as the Luxembourg International Airport link the country with economic and political centres throughout the world.

provide tailor-made incentives for investment, research and development.

► A long industrial tradition

Luxembourg's long industrial tradition reaching back to the late 19th century and its successful economic diversification have allowed the country to create an exceptional workforce whose exemplary industriousness and work ethics are internationally recognized.

► A high quality of life

A high standard of living as well as a comparatively low cost of living in a cosmopolitan environment provide an ideal basis on which to build future development and success. As one of the largest per capita contributors towards developing countries, Luxembourg and its population display a profound sense of compassion for the less well-off.

► Social and political stability

Social conflicts in the Grand Duchy are avoided by regular consultations between the various social partners and the government. These are just some of the reasons why there has hardly been a strike in the last 80 years.

IN LUXEMBOURG THE AUTOMOTIVE INDUSTRY IS AT HOME

Luxembourg has become a key location for first and second tier suppliers to the automotive industry. They employ nearly 8,000 people on more than 30 sites. Key component suppliers have chosen Luxembourg for its highly competitive business environment. Luxembourg provides a most stable and predictable economic, social and political climate.

All car manufacturers in Germany, France and the United Kingdom as well as the assembly lines in Belgium and the Netherlands can be supplied from Luxembourg on a same day delivery basis.

Luxembourg-based companies catering to the European market offer an increasing number of products and technologies including:

- engine management systems
- air conditioning systems
- carpets, interior coverings and sound insulation
- occupant sensing systems
- pedestrian protection systems
- interior input devices
- laminated windshields and tempered back lites
- battery housings
- refrigerators
- tires, steelcord and fabric
- temperature sensors and thermostats
- safety valves
- steel and aluminium foils
- synthetic materials.

RESEARCH, DEVELOPMENT AND INNOVATION: THE KEYS TO SUCCESS

Research, development and innovation are key factors ensuring the future competitiveness and success of the automotive components industry. Luxembourg is well aware of these challenges and therefore the Government is encouraging R&D activities and has recently launched a "cluster" program to support joint research by two or more companies.

Many companies, such as Goodyear, IEE, Elth, Guardian, and Delphi have major R&D centres in Luxembourg. These technical centres employ approximately 2,000 people.

Public Research Centres also provide support in the R&D process of business. Luxembourg Public Research Centres

Over thirty companies are directly or indirectly involved in the automotive component industry. Accumalux, Delphi, Dometic, Elth, Faurecia, Guardian, Goodyear, International Electronics and Engineering (IEE), Raval Europe, Tarkett Luxembourg and Textilcord, to name but a few, have chosen Luxembourg as a manufacturing or R&D base.

Companies, such as CTI Systems, GE Fanuc, Hitec and Reichert are specialised in design and building of special machines, automated handling/storage systems as well as electronic measuring and automation technology.

These companies deliver their products to over 20 car manufacturing plants within a range of 300 km and to over 50 plants within a range of 600 km.

Thanks to the central location and the outstanding technologies, all car manufacturers based in Europe, be they BMW, Daimler-Chrysler, Fiat, Ford, PSA, Renault-Nissan, Toyota or VW use to their highest satisfaction products "Made in Luxembourg". Automotive components are also exported to assemblers in the USA and in Asia.

Next to the products manufactured in Luxembourg, a variety of service activities are also linked to the automotive industry. Luxcontrol and SNCH specialize in the certification and approval of vehicles and components for the European market and provide fast and customer-oriented assistance.

specialize in materials analysis and characterization, surface treatments, nanotechnologies and information technologies. Recently, ILEA and the Public Research Centre - Gabriel Lippmann have agreed to cooperate in the field of R&D on automotive components.

Luxinnovation, the Luxembourg agency for the promotion of innovation and research, provides information on EU and national funding programs and assists in the formulation of R&D programs.

STEVEN KIEFER
Managing Director
**Delphi Automotive Systems
Luxembourg S.A.**

"Delphi Luxembourg can serve customers in many different European countries because of its central geographical location in Europe, neutral position regarding our customer base and multilingual, multinational and multicultural environment. Luxembourg is known for its social peace, attractive fiscal and social environment for both employees and employers."

OLAF GEHRELS
President & CEO
FANUC Robotics Europe S.A.

"In Luxembourg we can count on quick and non-bureaucratic Government support for any business-related needs and on well-educated and motivated employees displaying great language and technical skills."

HERMANN LANGE
CFO
Goodyear Luxembourg

"The Grand Duchy of Luxembourg is an attractive location for international business, because it can offer an experienced and dedicated workforce with broad language skills. In addition, the social environment is remarkably stable, and administrations and the Government are supportive to the business."



Luxembourg Board of
Economic Development

LUXEMBOURG BOARD OF ECONOMIC DEVELOPMENT
L-2914 LUXEMBOURG | GRAND DUCHY OF LUXEMBOURG
TEL.: (+352) 478 4129 | FAX: (+352) 26 20 27 68
INFO@INVESTINLUXEMBOURG.LU
WWW.INVESTINLUXEMBOURG.LU