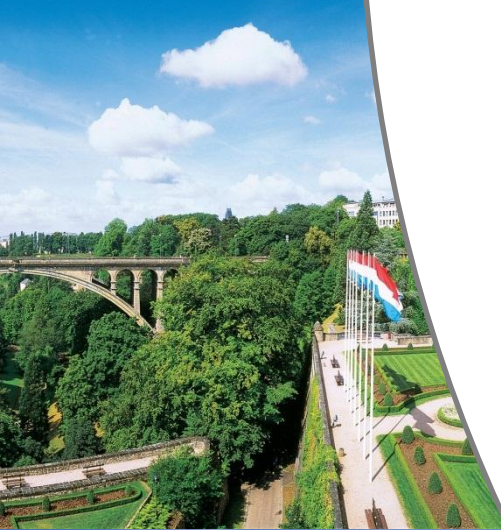




A M C H A M LUXEMBOURG
AMERICAN CHAMBER OF COMMERCE IN LUXEMBOURG A.S.B.L.

WHY LUXEMBOURG?

Your European Business Hub



Summary



1. Why address the EU market?

- 1.1. Why is Europe essential for international companies?



2. Luxembourg's general advantages

- 2.1. Luxembourg, a tailor-made business location
- 2.2. R&D and Innovation
- 2.3. Excellent ICT infrastructure
- 2.4. Efficient logistics network
- 2.5. Specific advantages of the Luxembourg tax regime
- 2.6. An international pool of talent
- 2.7. An exciting hotspot in the middle of Europe



3. Key advantages for doing business

- 3.1. Luxembourg, a leading international financial center
- 3.2. High technology and environmental technology in Luxembourg
- 3.3. Biotechnology in Luxembourg: key facts and figures
- 3.4. Luxembourg's value proposition for ICT infrastructure



4. Presentation of AMCHAM and PwC

- 4.1. AMCHAM
- 4.2. AMCHAM publications
- 4.3. PwC
- 4.4. PwC publications

Legend



Rankings



Focus



Contact



Case Study



Executive summary

Located at the very heart of Europe, Luxembourg is a unique gateway to access the European market. Luxembourg's success can be attributed to a government policies aimed at developing a business-friendly environment and diversifying the country's economy.

Luxembourg's geographical location, excellent infrastructure, rewarding tax environment and high quality of life make it an attractive place to live and develop a business.

Throughout this presentation, you will learn about Luxembourg's longstanding expertise in attracting international companies from a variety of sectors.



1

Why address the EU market?



Why is Europe essential for international companies?

A strategic market

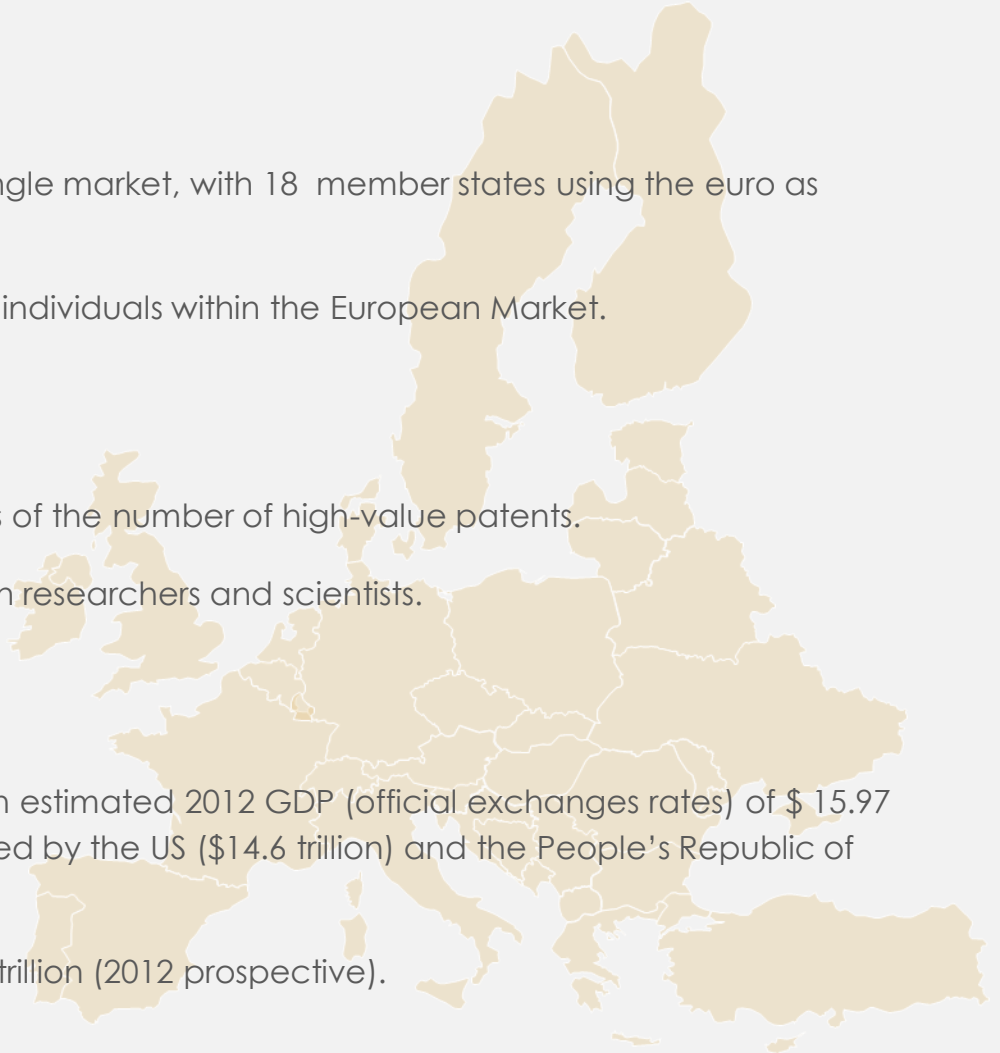
- More than 500 million consumers.
- 28 member states composing a vast single market, with 18 member states using the euro as currency, including Luxembourg.
- Free circulation of goods, services and individuals within the European Market.

A source of knowledge

- Second worldwide after the US in terms of the number of high-value patents.
- A highly skilled workforce with 1.4 million researchers and scientists.

A global business location

- 1st in terms of GDP: the European Union estimated 2012 GDP (official exchanges rates) of \$ 15.97 trillion is the highest in the world, followed by the US (\$14.6 trillion) and the People's Republic of China (\$ 5.8 trillion).
- Biggest exporter worldwide with \$ 2.17 trillion (2012 prospective).





2

Luxembourg's general advantages

2 Luxembourg, a tailor-made business location

A historic role in Europe

- Founding member of the BENELUX, the Council of Europe, the European Union, NATO, OECD and United Nations.
- Among European institutions, we can find the European Investment Bank, the European Court of Auditors and the Secretariat of the European Parliament in Luxembourg.

A strategic location

- **Direct access to major European markets** (Germany, France, Belgium, etc.) and distribution networks.
- A high level of **cross-border trade and employment**.



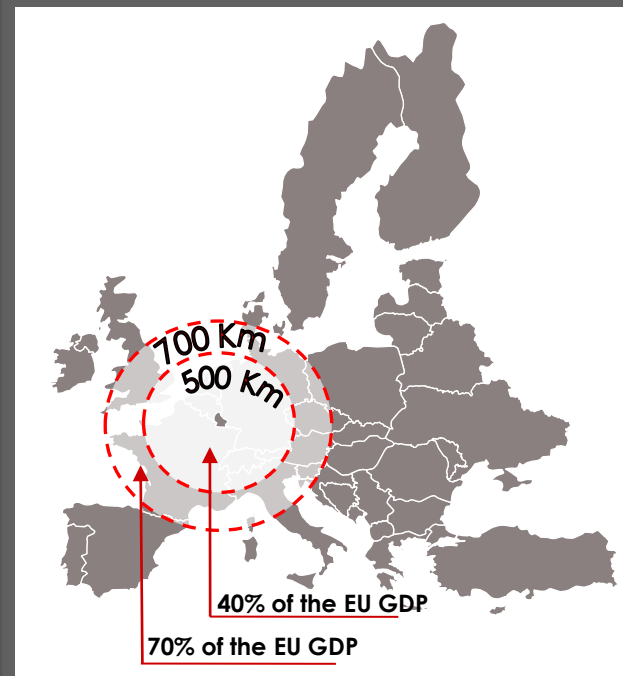
In Europe, Luxembourg is one of the countries with the lowest number of working days lost through industrial action.

A politically stable country

- A constitutional monarchy with a **stable political environment**.
- A political culture of consensus, with continuity in policy initiatives.
- **Openness for dialogue**, which includes regular meetings between the government, employers' representatives and trade unions.
- Easy access to key authorities and **quick decision-making process**.

The European market

A 500 million + customer base



2 Luxembourg, a tailor-made business location

A friendly business environment

- Business-oriented government with longstanding experience in attracting international companies.
- In Luxembourg, companies can benefit from:
 - *easy access to decision makers;*
 - *an efficient financial platform;*
 - *a favorable tax framework;*
 - *a suitable market size to operate commercialization processes;*
 - *easy exit mechanisms.*
- One of the lowest levels of national debt in Europe, a guarantee of fiscal stability.
- Specific value proposition for headquarters:
 - *opportunity to centralize the company's group functions and assets from Luxembourg;*
 - *flexible and competitive tax structuring models.*

Examples of international players having strategic operations in Luxembourg

Leading companies – not exhaustive



Worldwide headquarters



Global headquarters of its Powertrain division



Asset management and Private banking



Luxembourg-based



Luxembourg offers companies the unique capacity to create new business models, limit investment risk and rapidly achieve a competitive positioning on European markets.



R&D and Innovation

Specific advantages

- Presence of different innovation-related clusters in the following area: Eco-Innovation Technologies, Healthcare and Biotechnologies, Information and Communication Technologies (ICT), Materials and Production Technologies, Space Technologies.
- One of the most attractive frameworks for R&D and Intellectual Property in Europe.
- Availability of state subsidies (capital subsidies, interest subsidies, promotion aids, tax relief, state guarantees, real estate incentives).



**Luxembourg has
7.66 researchers for
every 1,000 workers
(the EU average being 6).**

Partnerships for R&D

- Many companies have established their R&D centers in Luxembourg, such as Goodyear, DuPont de Nemours, Delphi, Husky, I.E.E.

Business Case -

- Goodyear's Luxembourg research center is the **2nd biggest worldwide** after its US center.
- In partnership with NASA, Goodyear's Luxembourg research center has developed lunar tires.

- Key institutions for corporate R&D initiatives: PRC Henri Tudor, PRC Gabriel Lippmann, PRC for Health, University of Luxembourg.
- "La Cité des Sciences" is considered the flagship of R&D in Luxembourg, hosting all the major public R&D institutes of the Grand Duchy, as well as private and start-up companies, a new technical school, a university campus, the National Archives and cultural centers.

ICT infrastructure and connectivity



- Cutting-edge fiber optics networks connected to the European Backbone (T1) and all major European hubs.
- 18 different fiber routes to Luxembourg.
- Low latency hub.
- Redundant cable connections to ensure high-quality liaisons.
- Satellite connections and 4G launched in Luxembourg.
- Internet exchange platform: LU-CIX.
- IP-TV has been introduced to the Luxembourg market with considerable success.
- 4 competing telecommunication operators in Luxembourg.

Highly secured data centers



- Some 20 data centers.
- This park is split into Tier IV ("the highest existing service level"), Tier III and Tier II design service levels.
- High availability and performance rate
- State-of-the-art green technologies initiatives.

Broadband quality score



Luxembourg appears 5th overall in the 2012 Broadband Leadership table, a study covering 72 countries worldwide.



Efficient logistics network

Cluster for logistics – Specific advantages

- A paperless trade and customs environment aims at reducing pressure on administrative procedures and trade transactions costs. Luxembourg is also taking part in the IATA e-freight project.
- A recognized certification agency (SNCH): access to international markets within a minimal period of time and at an affordable cost.
- The Authorized Economic Operator (AEO) program, designed to increase focus on security measures at the company level, thus helping not only to prevent a possible terrorist attack, but also to increase transparency in the supply chain and to initiate control programs using risk management tools.

Modern infrastructures

- Air freight: 5th largest freight airport in Europe.
- Waterways: multimodal infrastructure with the port of Mertert linked to Rotterdam and Antwerp international ports via the Rhine-Moselle network.
- Roads: highly developed network making most European capitals easy to reach.
- Rail: world's highest railway density.
- Eurohub South: Connection of Luxembourg by combined transport to the ports of the North Sea, the Baltic and the Mediterranean, as well as major European industrial centers.



**Luxembourg ranks 3rd
out of 155 in the 2012 DHL
Global Connectedness Index.**

A new Free Trade Zone

By 2014, a free trade zone near the Luxembourg international airport will aim at facilitating the warehousing and handling of merchandise in a secure location free of fiscal constraints. Taxation will only be triggered when the article leaves the zone for import into the country of consumption.





Efficient logistics network



CARGOLUX



Type of business

- An integrated transportation company and global air cargo carrier with a large fleet of modern Boeing 747 Freighter aircrafts, operating exclusively for freight forwarders.
- The largest all-cargo airline in Europe, ranking among the top 10 industry players worldwide.
- Operates scheduled and charter services on a network covering about 85 destinations worldwide.
- Specialized in the transportation of outsize cargo, temperature-sensitive goods and live animals.
- More than 40 years of experience in the field.
- Worldwide headquarters located in Luxembourg.
- Extensive offering of third-party maintenance and crew training services.

Key motivations for locating in Luxembourg

- Luxembourg government was supportive of the business right from the beginning.
- At the heart of Europe, in close proximity to the continent's major industrial areas.
- Multilingual and highly qualified workforce and favorable tax framework.
- Good infrastructure network combined with a non-congested airport.



Specific advantages of the Luxembourg tax regime

Investment tax credits

Credit of 7% on the acquisition value of eligible investments made during the year (up to € 150,000) and 2% on the balance.

8% on the acquisition value and 4% on the balance for environmentally friendly investments.

12% tax credit on the complementary acquisition value of eligible investments made during the year.

The scope of application of the investment tax credit has been significantly broadened following a decision from the European Court of Justice and may particularly benefit shipping and airfreight industries.

25% exemption on both corporate income tax and municipal business tax on profits for certain new businesses (for 8 to 10 years).



In 2013, the **combined corporate income tax** in Luxembourg City was **29.22%**.

Until the end of 2014, in a B2C relation, for a dematerialized service, a company based in Luxembourg can benefit from **the lowest VAT rate in Europe**, regardless of the buyer's location. This regime will change as from 2015 and the VAT in a B2C relation will be due in the EU customer's countries. In this respect, VAT compliance simplification measures will be available.

Straight forward **VAT compliance** and **direct contacts** with the VAT authorities.

Luxembourg has **67 treaties for the avoidance of double taxation** (in force as of 09.10.2013) with respect to taxes on income and on capital.

An 80% exemption for net income deriving from certain IP rights and capital gains realized on the sale of IP.

VAT advantages

- The lowest applicable rates in the EU: 3%, 6%, 12% and 15%, depending on the goods and services purchased (it is foreseen to increase these VAT rates, however they would remain the lowest in Europe).
- No VAT pre-financing on imports.
- VAT warehousing regime available for certain goods.
- VAT representation: a foreign entrepreneur can, for eligible transactions, appoint a third party in Luxembourg to carry out the necessary VAT formalities and pay the VAT due in Luxembourg on his behalf, without having to register for Luxembourg VAT himself.

New tax regime for qualified expatriates

- Both qualified international employees and employers who meet the eligibility conditions will benefit from significant tax savings and living benefits through the tax exemption for employers regarding certain charges linked to the cross-border transfer of residence: relocation expenses; tax return assistance; home leave trips; school fees, etc.



An international pool of talent

Workforce

- The labor market offers a highly skilled and multilingual workforce.
- Almost 33% of the working people in Luxembourg speak a language other than English, German and French as mother tongue (Portuguese, Italian, Spanish, Dutch, etc.).
- 67% of labor force comes from a foreign country.
- In 2012, Luxembourg ranked 1st in terms of productivity per employee thanks to a pleasant working environment, good social relations and a high added-value economy.
- Engineers account for 2.9% of the labor force, representing one of the highest concentrations of engineers in Europe.



Luxembourg is 7th out of 254 cities worldwide in terms of lifestyle and facilities for expatriates.

Education

- Children in public schools are taught in Luxembourgish, German, French and English.
- Easy access to renowned international schools.
- The University of Luxembourg has established privileged partnerships with other universities.

Quality of life

- Luxembourg is among the top countries worldwide in terms of quality of living, ranking 5th out of 100 in 2012.



Luxembourg ranked as the world's top city for personal safety in 2012.

- Boosting culture and entertainment: Philharmonie Concert Hall, Grand Théâtre de la Ville, National Museum of Art and History, Mudam, etc.
- Historic heritage: The old City (UNESCO world heritage site), famous casemates, the Moselle valley with vineyards and castles, etc.
- Sports facilities, vast parks and green spaces, etc.



An exciting hotspot in the middle of Europe



Culture

Philharmonie
Vianden Castle
Rockhal concerts
Museum of Modern Art
Grand-Duc Jean (MUDAM)



Sports

D'Coque (athletic center)
Golf de Belenhaff & 14 others
Kockelscheuer center
Night Marathon Luxembourg
5,000km walking trails



A place to live

Luxembourg old town
Kirchberg plateau
11 starred restaurants
Grund valley
Exciting nightlife



3

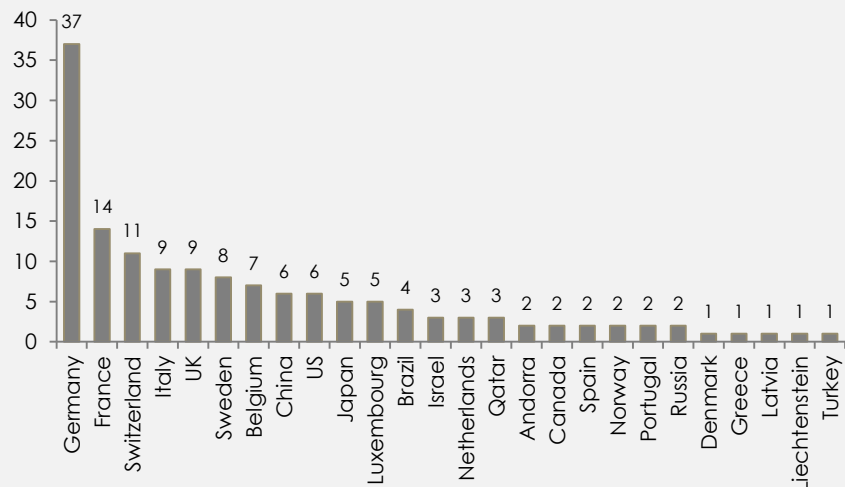
Key advantages for doing business



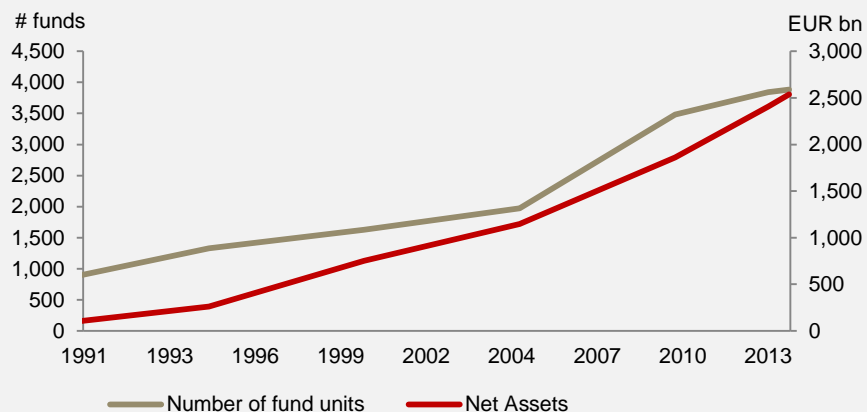
Luxembourg a leading international financial center

Banks by country of origin (147)

Oct. 2013



Luxembourg investment funds sector development



Banking and Wealth Management

- Largest Wealth Management center in the Eurozone.
- € 305 billion of assets managed by more than 50 Private Banks.
- Private banking entities can operate under the free provision of service model in Europe and reach a wealthy population of almost half a billion inhabitants in the EU-28.

Asset Management

- 2nd largest fund center in the world, behind the United States.
- € 2.5 trillion in net assets in over 13,600 sub-funds (end of Sept. 2013), representing 28% of all European assets under management.
- Leading investment center for alternative products: investment vehicles such as the SICAR (Private Equity) and the Specialized Investment Funds (SIF).



Asset Management and Private Banking are the foundations on which Luxembourg's financial marketplace has built its reputation for excellence. Luxembourg players have succeeded in diversifying their activities to reach a wider range of investors such as international entrepreneurs and corporations.



Luxembourg, a leading international financial center



ICBC

Type of business

- Publicly listed commercial bank.
- 388 overseas subsidiaries, with a global network of more than 1,661 correspondent banks; Internet Banking, Telephone Banking and self-service banking.
- Total assets reached ¥ 18,723.353 billion by the end of June 2013.
- 17,225 outlets across China.
- In 1999, the ICBC Luxembourg Representative Office was established and integrated into the Luxembourg Branch.
- In 2006, the group set up its first wholly-owned subsidiary on the European continent in Luxembourg, i.e., ICBC (Luxembourg) S.A.
- In 2011, the subsidiary was renamed ICBC (Europe) S.A. and opened five branches for business in five European countries (namely the Paris branch in France, the Brussels branch in Belgium, the Amsterdam branch in the Netherlands, the Milan branch in Italy and the Madrid branch in Spain). In 2012, the Warsaw branch in Poland and the Barcelona branch in Spain were opened.

Key motivations for locating in Luxembourg

- A gateway for the group to enter EU markets.
- International platform, business-friendly environment.
- Multicultural and multilingual workforce.
- Favorable financial environment.
- Develop its services through the “single passport system” applicable to EU financial institutions.





High technology and environmental technology in Luxembourg

Opportunities

- A central position with easy and efficient access to the European market.
- The government encourages R&D via financial support: € 280 million were invested in public research in 2012.
- Ideal tax framework for R&D and IP.
- Availability of a pool of high-profile engineers and researchers.
- Companies find effective high-tech production centers, a high-skilled workforce and high productivity in Luxembourg.



**Luxembourg ranks
3rd out of the 40
wealthiest countries in
global innovation-based
competitiveness.**

Support for businesses

- Ecostart Entreprise and Innovation centers support innovative businesses by providing them with active guidance up to the start-up stage.
- PwC's Accelerator helps innovative companies grow and reach success at an international level.
- The EcoInnovation Cluster encourages the Luxembourg environmental-technology Action Plan. It aims to encourage the development of eco companies in Luxembourg to stimulate both environmental protection and high-tech diversification.
- The PRC Henri Tudor became the national resource center for environmental technologies, leading research in the areas of life-cycle analysis, eco design, eco construction and renewable energy.
- The University of Luxembourg hosts a high-priority research program and has developed first-rate partnerships (AMCHAM, Deutsche Bank, SES, UBS, etc.).



DELPHI



Type of business

- Delphi is a leading global supplier of mobile electronics and transportation systems for original equipment and the aftermarket, including powertrain, safety, thermal, controls & security systems, electrical/electronic architecture and in-car entertainment and communication technologies
- Headquartered in Gillingham, U.K., Delphi operates major technical centers, manufacturing sites and customer support services in 32 countries, with regional headquarters in Bascharage, Luxembourg; Sao Paulo; Shanghai and Troy, Mich.
- Delphi delivers innovation for the real world with technologies that make cars and trucks smarter and safer as well as more powerful and efficient. Visit www.delphi.com.
- Delphi's site in Luxembourg is one of the company's premier technical centers. The site also serves as the global headquarters of Delphi Powertrain Systems and the European headquarters of the company. The Luxembourg technical center specializes in design, development and testing of components, systems and sub-systems related to energy and engine management as well as heating, ventilation and air conditioning (HVAC), power and control electronics, as well as energy storage for hybrid and electric vehicles.

Key motivations for locating to Luxembourg

- A performing business location for research and development activities.
- Attractive business environment including good accessibility to the Government and to public authorities
- At the heart of Europe, in a neutral position and in close proximity to the major European customers.
- Multilingual and highly qualified workforce.



Biotechnology in Luxembourg: key facts and figures

Research

- Luxembourg has 7.6 researchers for every 1,000 workers (the EU average being 6).
- International research work force: 82% of researchers in Luxembourg are from abroad.

Education

- 15 universities and 14,000 medical students, high-profile biomedical research institutes and international research consortia are only one hour away by car.
- Large pool of Engineers, Bio scientists and IT & Communication specialists.
- As early as autumn 2011, the university established its presence with the Luxembourg Center for Systems Biomedicine (LCSB) at Belval.
- House of BioTech is the first incubator in the Grand Duchy for biotech, ecotech and ICT companies. The concept also encourages sharing information and creating synergies between different companies and the teams working there.

Finance

- International platform for fund raising and access to European public funding; EU passport to 28 countries.
- International platform for commercializing high tech / services to European markets.
- Infrastructure support in IP management, seed funding, logistics and industry cooperation.

Leading research centers



The **Luxembourg Center for Systems Biomedicine (LCSB)** is a highly interdisciplinary center that develops and applies systems-level approaches to gain insight into the molecular and cellular mechanisms of human diseases.

The **Integrated Biobank of Luxembourg (IBBL)** aims to become a cornerstone for the development of personalized medicine in Europe.

Both structures have been involved in conducting research initiatives as part of the Luxembourg Government's investment of € 140 million in personalized medicine.



Luxembourg's value proposition for ICT infrastructure

ICT infrastructure and connectivity

- Since 2013, creation of “ultra-high bandwidth” labeled business zones with a guaranteed redundant fiber access.
- Public investment in ICT infrastructure.
- PwC's Accelerator, boosting innovative ICT companies.
- Government initiatives for start-ups.
- Luxembourg on its way to becoming a major European ICT hub.



Luxembourg is ranked 9th out of 157 countries in terms of most advanced ICT development.

Powerful legal framework

- 1st country to implement the European directives relating to electronic signatures and e-commerce.
- Business effective data protection laws
- Lowest standard VAT rate in Europe (15%).
- Broadcasting: VAT rate of 3%.

Other specific advantages

- Research Unit at University of Luxembourg (security, cryptology, etc.).
- Supportive business climate for this strategic industry and a proactive government keen to develop new ICT opportunities.
- Strong ICT Community promoting the sector: ICT Luxembourg provides a coordination platform for the trade associations representing the ICT sector in Luxembourg (greatly supported by Apsi, Fedil, Cluster ICT Luxembourg, EuroCloud, etc.).
- Easy access to banking licenses.
- Good opportunities in broadcasting, media development and digital contents production.



4

Presentation of AMCHAM and PwC

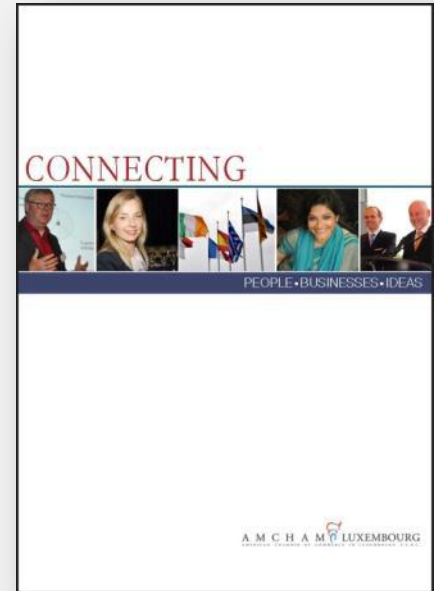


The American Chamber of Commerce in Luxembourg

The American Chamber of Commerce in Luxembourg A.S.B.L. (AMCHAM) is an international voluntary organization of business and professional people committed to promoting English-speaking networking opportunities and business relations in Luxembourg, encouraging cross-cultural understanding and enhancing the quality of life for expatriates who live and work in the Grand Duchy.

AMCHAM activities cover the full scope of expatriate issues through dedicated committees. These committees organize seminars and networking events with international speakers in order to address issues in HR, IT, Financial Services, Tax, Marketing, New Business and Entrepreneurship and Diversity, all for the benefit of the international business community in Luxembourg.

Lobbying is another item on the committees' agenda, and they liaise with Luxembourg officials on a regular basis to find solutions for international companies and ensure Luxembourg remains an expat-friendly business environment. The goal is to guarantee the Grand Duchy's position as an ideal gateway to Europe, and the continuous analysis of the business environment results in white papers recommending steps to maintain Luxembourg's high level of economic competitiveness.



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Working in Luxembourg

The comprehensive business guide to setting up and running a business in Luxembourg

The *Working in Luxembourg* business guide, now in its third edition, provides an overview of the rules, practices and customs of the Luxembourg business environment as well as the cultural context of the workplace environment, the government and social support systems.

This guide has been researched and published as a public initiative to promote investment in Luxembourg and help international companies based in the Grand Duchy. Subjects covered range from work permits to tax withholding, from educational resources to relocation companies, and much more – thus offering a wealth of information for employees and HR managers working in Luxembourg.



Working in Luxembourg
(in book and CD-ROM
format) is available
through the AMCHAM
offices.

For more information about AMCHAM publications, please visit:

www.amcham.lu/publications or contact info@amcham.lu.

For an investing company, doing business in a foreign environment requires specific knowledge and expertise to guide it through the local context, identify business opportunities and operate successfully in the selected markets.

Contacting us for information about Luxembourg could be an additional asset for your business, helping you to discover all the economic and financial opportunities Luxembourg can offer.

Thanks to our vast network and numerous contacts in Luxembourg, we can help you boost the development and potential of your company and your decision-making.

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For more information about PwC and our initiative Set up in Europe, please visit:

www.pwc.lu
www.setupineurope.com

Set up in Europe, a website dedicated to the promotion of Luxembourg:

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4 Luxembourg: an attractive place in the world



Criteria	Luxembourg	Source
Competitiveness	13 th in the world (2013)	IMD
Economic development	1 st for GDP per capita in Europe (2012), 5 th for GDP per capita in the world (2012)	Eurostat, CIA World Factbook
International Property Rights Index	7 th out of 125 countries (2013)	Property Rights Alliance
Enabling Trade Index	10 th out of 125 countries (2012)	World Economic Forum
Index of Economic Freedom	15 th out of 179 countries (2013)	Heritage Foundation
Ease of doing business	56 th out of 185 countries (2012), 1 st out of 185 countries in enforcing contracts (2012)	World Bank/IFC
Labour productivity	2 nd among 36 countries (2012)	The Conference Board
Financial sector	1 st in Europe for funds (based on net assets) 2 nd worldwide for funds (based on net assets) (2013)	EFAMA
ICT communication access paths	9 th out of 157 countries (2013)	ITU
DHL Global Connectedness Index	3 th out of 155 countries (2012)	DHL / IESE Business School
Business and risk	3 rd least risky place to do business among 186 countries (2013)	Euromoney
Cost of living (most expensive city)	Luxembourg: 84 th out of 99 cities (2012); Geneva: 5 th ; Zurich: 6 th ; London: 25 th ; Amsterdam: 57 th	Mercer
Quality of living	5 th best country out of 100 (2012)	Newsweek